

NEW ISSUE**RATING: S&P “AAA”
(Ambac Assurance Insured)**

In the opinion of Potter Anderson & Corroon LLP, Wilmington, Delaware, Bond Counsel, assuming continuing compliance by the County with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended, under existing statutes, regulations and court decisions, interest on the Bonds is excluded from gross income of the owners thereof and is not an item of preference for the purposes of the individual and corporate alternative minimum tax for Federal income tax purposes. Under existing statutes, interest on the Bonds is exempt from personal and corporate income tax imposed by The State of Delaware. See “TAX MATTERS” herein for a discussion of certain Federal taxes applicable to owners of the Bonds.

\$31,395,000
Sussex County, Delaware
General Obligation Bonds
Series 2003

Dated: January 15, 2003**Due:** October 15 as indicated below**Interest Payable:** April 15 and October 15**First Interest Payment Date:** April 15, 2003**Form:** Book-Entry Only**Denominations:** Integral Multiples of \$5,000

Payable: The General Obligation Bonds, Series 2003 (the “Bonds”) are issued by Sussex County, Delaware (the “County”). The Bonds will be issued only as one fully registered bond for each maturity, registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company (“DTC”) pursuant to the “Book Entry-Only System” described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 and integral multiples thereof. Principal of and interest on the Bonds is payable by a transfer from the County to DTC for the accounts of the DTC Participants who will credit the accounts of the Beneficial Owners. For a more complete discussion, see “THE BONDS—Book Entry System” herein.

Redemption: The Bonds are subject to optional and mandatory sinking fund redemption prior to maturity as provided herein.

Maturity Schedule: A detailed maturity schedule is set forth on the inside front cover.

Purpose: The proceeds from the sale of the Bonds will be used, together with other County funds (i) to provide funds for the current refunding of certain outstanding maturities of Sussex County, Delaware General Obligation Refunding Bonds, Series 1993 (the “1993 Bonds”); (ii) to provide funds for the current refunding of certain of the Sussex County, Delaware General Obligation Bonds owned by the United States Department of Agriculture, Rural Utilities Service (the “RUS Bonds”); and (iii) to pay the costs of issuance of the Bonds.

Security: The Bonds constitute valid and binding general obligations of the County for the payment of which the County is obligated to levy ad valorem taxes on all taxable real property in the County, as more fully described herein, if funds are not otherwise available therefor.

Payment of the principal of and interest on the Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Bonds.

Ambac

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered for delivery when, as and if issued, subject to receipt of the approving opinion of Potter Anderson & Corroon LLP, Wilmington, Delaware, Bond Counsel. Certain other legal matters will be passed upon for the County by Griffin & Hackett, P. A., Georgetown, Delaware. The Bonds in definitive form will be available for delivery through the facilities of the DTC in New York, New York, on or about February 5, 2003.

Date of Official Statement: January 22, 2003.

\$31,395,000
Sussex County, Delaware
General Obligation Bonds
Series 2003

Maturity Schedule

<u>Maturity Date</u> <u>(October 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
2003	\$ 140,000	2.500%	1.150%
2004	145,000	2.500	1.300
2005	155,000	2.500	1.620
2006	2,115,000	3.250	2.020
2007	2,185,000	5.000	2.400
2008	2,295,000	5.000	2.750
2009	2,425,000	5.000	3.100
2010	2,540,000	5.000	3.350
2011	2,670,000	5.000	3.590
2012	2,810,000	4.000	3.710
2013	2,570,000	4.000	3.840
2014	1,945,000	4.000	3.970
2015	1,790,000	4.000	4.090
2016	1,875,000	4.125	4.190
2017	1,185,000	4.250	4.280
2018	1,235,000	4.250	4.360
2019	1,290,000	4.375	4.440
2020	1,345,000	4.375	4.520

\$680,000 Term Bond Maturing October 15, 2032 priced at 98.273% at an interest rate of 4.750% to yield 4.860%
(Plus accrued interest)

SUSSEX COUNTY, DELAWARE

County Council

Lynn J. Rogers, President
Dale R. Dukes, Vice President
Finley B. Jones, Jr.
George B. Cole
Vance C. Phillips

County Administrator

Robert L. Stickels

Finance Director

David B. Baker

County Attorney

Griffin & Hackett, P. A.
Georgetown, Delaware

Certified Public Accountants

Jefferson, Urian, Doane & Sterner, P.A.
Georgetown, Delaware

Bond Counsel

Potter Anderson & Corroon LLP
Wilmington, Delaware

Financial Advisor

Fairmount Capital Advisors, Inc.
Philadelphia, Pennsylvania

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THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR SHALL THERE BE ANY SALE OF THE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFER, SOLICITATION OR SALE. NO DEALER, BROKER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED BY SUSSEX COUNTY, DELAWARE (THE “COUNTY”) TO GIVE ANY INFORMATION OR TOMAKE ANY REPRESENTATION, OTHER THAN THOSE CONTAINED IN THIS OFFICIAL STATEMENT, WITH RESPECT TO THE COUNTY OR THE BONDS. IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COUNTY.

This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or owners of any of the Bonds.

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**SUSSEX COUNTY, DELAWARE
OFFICIAL STATEMENT**

**\$31,395,000
Sussex County, Delaware
General Obligation Bonds
Series 2003**

INTRODUCTION

This Official Statement, including the cover page and attached appendices, is furnished to provide information to prospective purchasers and others in connection with the offering by Sussex County (the "County"), a political subdivision of The State of Delaware (the "State"), of its \$31,395,000 General Obligation Bonds, Series 2003 (the "Bonds"). The County will act as the initial paying agent and registrar for the Bonds.

The Bonds are authorized by and issued in conformity with Chapter 70 of Title 9 of the Delaware Code, as amended (the "Act"), Ordinance No. 1568 which was enacted by the County Council on November 12, 2002 (the "Ordinance") and a Resolution of the County Administrator dated January 22, 2003 (the "Resolution") (collectively the "Authorizing Acts").

Brief descriptions of the Bonds, the County, County Financial Management and Financial Information, Discussion of County Financial Operations, Revenue Sources of the County, Debt of the County and Economy of the County are included in this Official Statement. A proposed form of Opinion of Bond Counsel is included as Appendix B hereto. Copies of the Ordinance and Resolution may be obtained upon request from the office of the County Administrator, Sussex County, Delaware, County Administration Building, P.O. Box 589, Georgetown, Delaware 19947.

The County's audited financial statements for the fiscal year ended June 30, 2001, examined by Jefferson, Urian, Doane & Sterner, P.A., Georgetown, Delaware, independent certified public accountants, are included as Appendix A to this Official Statement.

APPLICATION OF PROCEEDS

Plan of Finance

The proceeds from the sale of the Bonds, together with other County funds, will be used (i) to currently refund certain outstanding maturities of Sussex County, Delaware General Obligation Refunding Bonds, Series 1993 (the "1993 Bonds"); (ii) to currently refund certain Sussex County, Delaware General Obligation Bonds owned by the United States Department of Agriculture, Rural Utilities Service (the "RUS Bond"); and (iii) to pay the costs of issuance of the Bonds.

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Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds:

Sources of Funds

Par Amount of the Bonds	\$ 31,395,000.00
Plus Net Original Issue Premium	1,459,267.55
Accrued Interest	<u>76,547.91</u>
Total Sources	\$ 32,930,815.46

Uses of Funds

Refunding of 1993 Bonds	\$ 31,130,833.00
Refunding of RUS Bond	1,260,491.18
Accrued Interest	76,547.91
Costs of Issuance	<u>462,943.37</u>
Total Uses	\$ 32,930,815.46

THE BONDS

Form and Denomination

The Bonds will be dated January 15, 2003, will be issued in the aggregate principal amount of \$31,395,000 and will mature on October 15 in the years and amounts stated on the inside front cover of this Official Statement. The Bonds will bear interest at the rates set forth on the inside front cover page of this Official Statement from January 15, 2003. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months and will be payable on each April 15 and October 15, commencing April 15, 2003, until maturity (each, an "Interest Payment Date"). The interest will be paid by check or draft mailed to the registered owners whose names appear on the Bond Register as of the close of business on the first day of the month of each Interest Payment Date.

Book Entry-Only System

Portions of the following information concerning The Depository Trust Company ("DTC") and DTC's book-entry-only system have been obtained from DTC. The County and the Underwriter make no representation as to the accuracy of such information.

DTC, New York, New York will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the laws of the State of New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the

provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic, computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of the Depository Trust and Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC) as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the "SEC"). More Information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry-only system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct or Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the security documents.

As long as the Bonds are registered in the name of Cede & Co. any redemption notice with respect to the Bonds will be sent by the County to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, principal, premium and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or the Trustee on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, premium and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

A Beneficial Owner must give notice of any permitted demand to have its Bonds purchased through its Participant, to the Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Direct Participant's interest in the Bonds, on DTC's records, to the order of the Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Remarketing Agent's DTC account.

IT IS THE DUTY OF EACH BENEFICIAL OWNER TO MAKE ARRANGEMENTS WITH THE APPLICABLE DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO RECEIVE FROM SUCH PARTICIPANT NOTICES OF REDEMPTION, CREDIT BALANCES WITH RESPECT TO PAYMENTS OF PRINCIPAL, PREMIUM (IF ANY) AND INTEREST, AND ALL OTHER PAYMENTS AND COMMUNICATIONS WHICH THE DIRECT PARTICIPANT RECEIVES FROM DTC. NEITHER THE COUNTY NOR THE TRUSTEE HAS ANY DIRECT OBLIGATION OR RESPONSIBILITY TO DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor securities depository is not obtained, certificates for the Bonds will be printed and delivered.

The information in this section concerning DTC and DTC's book entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the Holders, owners or registered owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

Optional Redemption

The Bonds maturing on or after October 15, 2012 are subject to redemption prior to maturity, at the option of the County, in whole or in part, at any time or from time to time, beginning October 15, 2011 at a redemption price equal to 100% of the principal amount thereof plus accrued

interest to the redemption date.

Sinking Fund Redemption

The Bonds maturing on October 15, 2032 will be subject to redemption prior to maturity, at the principal amount thereof plus accrued interest to the redemption date, from mandatory sinking fund installments on October 15 in the following years and in the following amounts:

<u>Years (October 15)</u>	<u>Sinking Fund Installment</u>
2021	\$45,000
2022	\$50,000
2023	\$50,000
2024	\$55,000
2025	\$55,000
2026	\$60,000
2027	\$65,000
2028	\$65,000
2029	\$70,000
2030	\$75,000
2031	\$75,000
2032*	\$15,000

*Maturity

Security for the Bonds

The Bonds are general obligations of the County. The full faith and credit of the County are unconditionally and irrevocably pledged to the payment of the principal of and interest on the Bonds.

The principal of and premium, if any, and interest on the Bonds are payable from general County revenues, although it is expected that the Bonds will be paid from revenues from sewer and water districts. In the event such revenues are insufficient in any fiscal year to provide for the prompt payment, when due, of the principal of and interest on the Bonds, such principal of and interest on the Bonds shall be payable from ad valorem taxes on all real property subject to taxation by the County. The County is authorized to levy on all real property taxable by the County such ad valorem taxes as may be necessary to pay the Bonds and the interest thereon without limitation as to rate or amount except that whenever a total reassessment of taxable properties within the boundaries of the County becomes effective, the County property tax rate for the next fiscal year shall not yield property tax revenues greater than 15% in excess of the total of the property taxes imposed for the fiscal year immediately preceding the fiscal year in which such reassessment shall have become effective as provided in 9 Del. C. § 8002(c).

The full faith and credit and taxing power of the County are unconditionally and irrevocably pledged to the prompt payment of the principal of and interest on the Bonds as and when the same become due and payable and the County has agreed to levy and collect the taxes hereinabove described as and when such taxes may become necessary in order to provide sufficient funds to meet the debt service requirements of the Bonds. The County will compute the rate of ad valorem taxes so that, in each fiscal year, the proceeds of such taxes will provide sufficient funds to meet the maturing

principal of and interest on the Bonds, except to the extent other moneys are available for such purposes. It has been the County's practice to establish assessment rates and other water and sewer fees within water and sewer districts at sufficient levels so that it is unnecessary for the County to use general revenues or to levy ad valorem taxes to pay debt service on bonds that have been issued for such water and sewer districts. Therefore, it is expected that the debt service on the Bonds will be paid from water and sewer assessments and water and sewer charges, and it will be unnecessary to use general revenues or to levy ad valorem taxes to pay such debt service.

Transfer

If DTC is no longer the Securities Depository for the Bonds, the Bonds may be transferred or exchanged at the principal corporate trust office of the bond registrar appointed by the County at such time. Upon any transfer or exchange of a Bond, the County will issue and deliver a new registered Bond of any of the authorized denominations in aggregate principal amount equal to the principal amount of the Bond transferred or exchanged and maturing on the same date and bearing interest at the same rate. In each case, the Bond registrar may require payment by any registered owner requesting the transfer or exchange of any tax, fee or other governmental charge, shipping charges and insurance, that may be required to be paid with respect to such transfer or exchange, but otherwise no charge will be made to the registered owner for the transfer or exchange.

FINANCIAL GUARANTY INSURANCE

INVESTORS SHOULD BE AWARE THAT THE TEXT CONTAINED IN THIS SECTION ENTITLED "FINANCIAL GUARANTY INSURANCE" WAS FURNISHED BY AMBAC ASSURANCE CORPORATION. THE COUNTY CANNOT MAKE AND DOES NOT MAKE ANY REPRESENTATION REGARDING THIS SECTION OF THE OFFICIAL STATEMENT. THESE PROVISIONS SHOULD BE READ IN CONJUNCTION WITH THIS OFFICIAL STATEMENT AS A WHOLE.

The following information has been furnished by Ambac Assurance Corporation (the "Bond Insurer") for use in this Official Statement. Reference is made to Appendix D for a specimen of the Financial Guaranty Insurance Policy.

Payment Pursuant to Financial Guaranty Insurance Policy

Ambac Assurance Corporation (the "Bond Insurer") has made a commitment to issue a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") relating to the Bonds effective as of the date of issuance of the Bonds. A specimen copy of such Financial Guaranty Insurance Policy is attached hereto as Appendix D. Under the terms of the Financial Insurance Policy, the Bond Insurer will pay to the Bank of New York in New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment (as such terms are defined in the Financial Guaranty Insurance Policy) by the County. The Bond Insurer will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which the Bond Insurer shall have received notice of Nonpayment from the Paying Agent. The insurance will extend for the term of the Bonds and, once issued, cannot be canceled by the Bond Insurer.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Bonds, the Bond Insurer will remain obligated to

pay principal of and interest on the outstanding Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Paying Agent has notice that any payment of principal of or interest on a Bond which has become Due for Payment and which is made to a bondholder by or on behalf of the County has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from the Bond Insurer to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does not insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Financial Guaranty Insurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.
2. payment of any redemption, prepayment or acceleration premium.
3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of the Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Bonds to be registered in the name of the Bond Insurer to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of the bondholder entitlement to interest payments and an appropriate assignment of the bondholder's right to payment to the Bond Insurer.

Upon payment of the insurance benefits, the Bond Insurer will become the owner of the Bonds, appurtenant coupon, if any, or right to payment of principal or interest on such Bonds and will be fully subrogated to the surrendering bondholder's rights to payment.

The Bond Insurer

The Bond Insurer, Ambac Assurance Corporation, is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam and the Commonwealth of Puerto Rico, with admitted assets of approximately \$5,802,000,000 (unaudited) and statutory capital of approximately \$3,564,000,000 (unaudited) as of September 30, 2002. Statutory capital consists of the Bond Insurer's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch, Inc. have each assigned a triple-A financial strength rating to the Bond Insurer.

The Bond Insurer has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by the Bond Insurer will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by the Bond Insurer under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the issuer of the Bonds.

The Bond Insurer makes no representation regarding the Bonds or the advisability of investing in the Bonds and makes no representation regarding, nor has it participated in the preparation of, the Official Statement other than the information supplied by Bond Insurer and presented under the heading "FINANCIAL GUARANTY INSURANCE" and in Appendix D.

Available Information

The parent company of the Bond Insurer, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Copies of the Bond Insurer's financial statements prepared in accordance with statutory accounting standards are available from the Bond Insurer. The address of the Bond Insurer's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York, 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and filed on March 26, 2002;
2. The Company's Current Report on Form 8-K dated April 17, 2002 and filed on April 18, 2002;
3. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2002 and filed on May 13, 2002;
4. The Company's Current Report on Form 8-K dated July 17, 2002 and filed on July 19, 2002;
5. The Company's Current Report on Form 8-K dated August 14, 2002 and filed on August 14, 2002;
6. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2002 and filed on August 14, 2002;
7. The Company's Current Report on Form 8-K dated October 16, 2002 and filed on October 17, 2002;
8. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended September 30, 2002 and filed on November 14, 2002;
9. The Company's Current Report on Form 8-K dated November 18, 2002 and filed on November 20, 2002; and

10. The Company's Current Report on Form 8-K dated January 23, 2003 and filed on January 24, 2003.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "*Available Information*."

SUSSEX COUNTY, DELAWARE

General

The County is bordered on the east by the Atlantic Ocean, on the north by Kent County, Delaware and on the south and west by the portion of the State of Maryland east of the Chesapeake Bay. The City of Georgetown, the county seat, situated in the center of the County, is approximately 120 miles south of the Philadelphia, Pennsylvania; 195 miles south of New York City, New York; 95 miles southeast of Baltimore, Maryland; and 110 miles east of Washington, D.C.

Most of the County's land area is flat terrain consisting of unconsolidated sediments of the Coastal Plain (the balance of the County and the State). Elevations in the County average from 40 to 50 feet above sea level. The County is the largest county in Delaware, comprising a total land area of approximately 946 square miles or approximately 46% of the State's total area.

The climate is moderate year round with temperatures averaging 74.1 degrees Fahrenheit in summer and 36.2 degrees Fahrenheit in winter. Average rainfall is 44.1 inches per year. According to the University of Delaware-Georgetown, during the past 35 years, the growing season has averaged approximately 175 days.

Government

The State of Delaware is composed of three counties—Sussex, New Castle and Kent—of which the southernmost is Sussex. All of the towns and cities located in the County are independent, incorporated municipalities, each with powers of taxation, as granted by the General Assembly. Georgetown is the County seat.

The County Government was established on July 23, 1970, replacing the Levy Court Commission with a Council-Administrator form of government. The powers and duties of the government are set forth in Chapter 70 of Title 9 of the Delaware Code, as amended. The Government is composed of a legislative body, the County Council, and an administrative body, including several operating departments and offices which are administered by officials elected at-large.

The County Council, which has legislative powers, consists of five members representing each of the County's respective districts. The members are elected to four-year staggered terms. The County Council annually elects, from among its members, a President and a Vice President of the County Council. Listed below are the names of the members of the County Council and their respective terms:

<u>Name</u>	<u>District</u>	<u>First Term Began</u>	<u>Current Term Expires</u>
Lynn J. Rogers, President	No. 3	1997	2005
Dale R. Dukes, Vice President	No. 1	1989	2005
Finley B. Jones, Jr.	No. 2	1997	2005
George B. Cole	No. 4	1987	2007
Vance C. Phillips	No. 5	1999	2007

The County Administrator, Robert L. Stickels, has worked for the County Council since January 1988. The Finance Director, David B. Baker, has worked for the County Council since April 1978.

The County Administrator is appointed by the County Council and is responsible for the entire range of executive, administrative and fiscal duties performed by all County departments, agencies and offices. The County Administrator, with the advice and consent of the County Council, appoints the directors of the departments of the County, with the exception of the Finance Director and the County Engineer, who are also appointed by the County Council.

County Departments and Services

The County provides a variety of services to its constituents that include, among others, sewage collection and treatment as well as paramedic services, planning and zoning and the operation of libraries. The County also owns the Sussex County Airport, the operation of which is leased to an independent contractor.

County services are provided through the following operating departments: the Department of Facilities Management, which provides maintenance and custodial services to buildings under County administration; the Department of Community Development and Housing, which administers the County's housing management and neighborhood conservation programs; the Department of Data Processing, which handles computerization of records and tax assessment bills; the Department of Economic Development and Industrial Parks, which promotes commercial and industrial business in the County, particularly in connection with the industrial park; the Department of Emergency Planning, which directs County Civil Defense programs and which coordinates any reserve or emergency operations; the Department of Engineering, which administers and operates the County's sanitary sewer and drainage systems; the Department of Finance, which directs and coordinates the financial activities of the County's operational departments and offices; the Department of Libraries, which administers and operates a unified library system; the Department of Personnel, which administers employee benefit and development programs; and the Paramedic Department, which provides emergency paramedic response services.

Employee Relations

The County has approximately 458 employees, of which, approximately 95.6% are full-time employees and 4.4% are part-time employees. County employees are not represented by any union.

Sussex County Employee Pension Plan

The County provides a defined benefit pension plan (the "Pension Plan") for all full-time employees of the County. Accrued benefits in the Pension Plan vest after eight years of service. The Pension Plan is administered by a Pension Fund Board consisting of the Personnel Director, the Finance Director and one member of the County Council. Wilmington Trust Company serves as trustee of the Pension Plan trust. The County's actual contribution to the Pension Plan is determined through the budgetary process and by reference to actuarial requirements. The Pension Plan has been funded with contributions by the County totaling \$14,863,039 in fiscal year 1976 and fiscal years 1982 through 2002, inclusive. Contributions by the County for fiscal year 2003 will be 9.0% of covered payroll as recommended by the County actuary. The pension contribution rate in fiscal year 2003 equals the actuarial recommendation, assuming a maximum 2% annual cost of living increase for pensioners. Pensioner cost of living increases are an annual budgetary decision, but are now limited to a maximum of 2%.

As of January 1, 2002, the actuarial accrued liability of Pension Plan benefits, assuming no cost of living adjustments for benefits, was \$18,264,729 and the fair market value of Pension Plan fund assets was \$18,851,125. On this basis, the Pension Plan has a funded ratio of 103.2% of its pension benefit obligation. It has been the County's practice to implement annual cost of living increases in benefits, although this is an annual budgetary decision that is not required by ordinance.

The County's latest pension actuarial report as of January 1, 2002 reflects the actuarial accrued liability exceeding assets by \$355,043 assuming that the County continues its current practice of providing cost of living increases to pensioners not exceeding 2% per year. During the last ten fiscal years, the County has increased its annual pension contribution for the purpose of achieving full actuarial funding assuming the continuation of annual pensioner cost of living increases. The fiscal year 2003 pension contribution totals \$1,283,288, which is 29% greater than the actuary's annual required minimum contribution calculation of \$996,026. The County continues to contribute to the pension fund to ensure full funding.

The fiscal year 2003 budget includes \$500,000 to establish a new fund for retiree medical benefits. The initial \$500,000 contribution was made in December of 2002.

COUNTY FINANCIAL MANAGEMENT AND FINANCIAL INFORMATION

Department of Finance

The Department of Finance is responsible for all fiscal affairs, financial management, revenue collection and related systems of the County. The Finance Director reports directly to the County Administrator and is responsible for overall County financial management and policy, including accounting, financial reporting, debt policy and financial support systems.

The activities of the Department are organized under four Divisions: the Assessment Division, the Treasury Division, the Accounting Division and the Utility Billing Division. The Utility Billing Division is responsible for billing and collecting sewer and water service charges. The Assessment Division is charged with the continuous updating and maintenance of the County's assessment roles. The Treasury Division bills and collects County taxes and miscellaneous revenues and disburses some moneys. The Accounting Division is responsible for accounting, payroll, accounts payable, financial reporting and budgeting and disburses most moneys.

Fiscal Year

The County operates on a fiscal year from July 1 to June 30.

Financial Reporting

The County maintains a financial reporting system which provides timely and accurate reports of revenues, expenditures and financial status. Financial reports for all levels of management are provided on a monthly basis. The County's audited financial statements, which are generally prepared by February 28 following the fiscal year-end, are audited annually by an independent certified public accountant. The report of such accountant, Jefferson, Urian, Doane & Sterner, P.A., Georgetown, Delaware, together with the County's audited financial statement for the fiscal year ended June 30, 2001, is included in Appendix A to this Official Statement.

Budget Process

The County's financial plans are embodied in the annual operating budget. This budget reflects the projection of revenues and expenditures, the present level of governmental services and the distribution of costs to the various segments of the community through the collection of taxes and fees.

Under the Council-Administrator form of government, the County Council has governing authority for establishing programs and fiscal policies, approving the Annual Operating Budget and setting the tax rates and fees for services. The County Administrator is responsible for proposing programs and recommending funding levels to the County Council, and for implementing service programs in accordance with established goals and objectives.

Operating Budget

Prior to March 1 of each year, the County Administrator in conjunction with the Finance Director distributes budget request forms to each department and agency. Each department and agency budget must identify the specific level of its service provision and describe how priorities have been established and incorporated into its budget.

The requested budgets of each department and agency are prepared by April 1 of each year. The County Administrator, with assistance from the Finance Director and the Director of Accounting, then develops an annual operating budget, using the department budgets to evaluate the priority and costs of various services. The budget is further refined through reviews of each department, using estimates of revenue sources available to the County. The recommended annual operating budget is then submitted to the County Council, which submission includes operating budget ordinances setting forth the proposed departmental appropriations and various tax rates to balance the budget.

The County Council reviews the budget both internally and through public hearings. Before the beginning of a fiscal year, a budget for that fiscal year is adopted through legislation in the County Council. The operating budget ordinance and related revenue ordinances are officially adopted when a motion to do so is approved by the County Council.

Appropriations are legislated at the department level by object of expenditure. Accordingly, no unapproved expenditures over appropriations can be incurred. The County Administrator is authorized to make certain budgetary transfers. All other changes must be approved by the County Council. The aggregate amount of the budget cannot be changed without a public hearing.

Budgetary Control

The County exercises budgetary control through use of its automated accounting and financial information system with reports going to both the County Administrator and Department

heads. Further budgetary control is exercised through the use of the allotment and encumbrance systems, which alert management analysts to any irregularities in spending patterns. Such budgetary activity is reviewed and evaluated by the County Administrator with the respective department or agency. The County Administrator is given authority to make limited appropriation adjustments. All other adjustments must be adopted through legislation by the County Council.

The annual audit of the County's finances includes a comparison of budgeted amounts to actual expenditures.

Basis of Accounting

Basis of accounting refers to the timing of the recognition of revenues and expenditures or expenses in the accounts and in the financial statements.

All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Taxes, grant revenues and interest are considered susceptible to accrual.

The County's tax assessment year for purposes of assessing ad valorem taxes runs from May 1 to April 30. Tax bills are mailed in July. Although the taxes receivable are a measurable asset of the County at June 30, they are not available for receipt on such date and are therefore recorded as deferred revenues on the County's balance sheet.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred; however, principal on general long-term debt is an exception to the general rule and is recognized when due.

The County's proprietary funds are accounted for using the accrual basis of accounting. The revenues of such funds are recognized when earned and the expenses of such funds are recognized when incurred.

Cash Management System

The cash management program is administered by the County's Finance Director. The objective of this program is to maximize available cash and the earnings generated from investment.

Major portions of the County's annual revenues are received in late September (property taxes and sewer debt assessments), and on a quarterly basis for sewer user fees. Receipts from these and other sources are deposited in the various County Cash Accounts for investment purposes. Moneys are invested, based on solicited bids from local financial institutions, in certificates of deposit of various maturities. Investment planning is facilitated by the preparation and maintenance of projected monthly cash flow statements for the fiscal year. These projections are augmented by the logging of anticipated major expenditure requirements maintained on a weekly basis.

DISCUSSION OF COUNTY FINANCIAL OPERATIONS

General Fund, Fiscal Years 1998 through 2002

The General Fund was financed in fiscal year 2002 with Revenues and Transfers totaling \$40,377,013, constituting an increase of 21% over fiscal year 2001. This increase of \$7,004,231 is primarily attributed to an increase in realty transfer tax, Recorder of Deeds, building inspection and building permit revenues. This is a result of the strong real estate market during fiscal year 2002.

The estimated General Fund results for fiscal year 2002 show an Excess of Revenues and Other Financing Sources over Expenditures and Residual Equity Transfers of \$6,254,989, which represents 15.5% of actual Revenues and Other Financing Sources for the year. The Undesignated Fund Balance for the General Fund as of June 30, 2002 was \$7,732,890, which represents 22.2% of the fiscal year 2003 Budget for Revenues.

The General Fund Budget for fiscal year 2003 includes funding for a contribution to the pension plan of 9.0% of payroll in accordance with the County actuary's recommendation. The fiscal year 2003 budget also includes a \$500,000 contribution to begin the process of funding post retirement benefit costs. These costs have historically been paid for on a pay-as-you-go basis.

During fiscal year 2001, the County defeased all tax supported bonded debt. All remaining outstanding bonded debt, revenue and general obligation, is a liability of or attributable to the County's sewer and water districts.

On the following three Tables are displayed comparisons of actual operating results for fiscal years 1998 through 2002 and the Budget for fiscal year 2003. Table 2 includes Revenues and Expenditures for the Debt Service Fund, which was used to pay for Bond debt service for general County projects, as well as for Revenues and Expenditures for the General Fund. Table 1 includes only General Fund Revenue and Expenditure information. Table 3 shows annual changes in General Fund Balances, excluding debt service. Fiscal year 2002 numbers are unaudited estimates.

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**TABLE 1
SUSSEX COUNTY
GENERAL FUND
REVENUES AND EXPENDITURES (1)
(EXCLUDING DEBT SERVICE FUND)**

	Fiscal Year 1998 (Actual)	Fiscal Year 1999 (Actual)	Fiscal Year 2000 (Actual)	Fiscal Year 2001 (Actual)	Fiscal Year 2002 (Estimated)	Fiscal Year 2003 (Budget)
REVENUES:						
Taxes	\$11,729,403	\$14,998,378	\$16,900,377	\$17,464,834	\$21,767,582	\$16,599,803
Intergovernmental	\$ 3,657,460	\$ 4,018,986	\$ 4,498,913	\$ 4,497,470	\$ 5,765,708	\$ 6,474,917
Charges for Services	\$ 5,160,436	\$ 6,079,047	\$ 7,321,816	\$ 8,140,748	\$10,495,441	\$ 7,642,424
Miscellaneous	\$ 1,278,470	\$ 1,880,318	\$ 2,053,336	\$ 2,266,226	\$ 1,350,103	\$ 1,035,482
Fines and Forfeits	\$ 11,853	\$ 14,038	\$ 15,790	\$ 16,946	\$ 20,699	\$ 15,500
Other Financing Sources	\$ 910,939	\$ 995,357	\$ 1,153,200	\$ 986,558	\$ 977,480	\$ 2,992,306
TOTAL REVENUES:	\$22,748,561	\$27,986,124	\$31,943,432	\$33,372,782	\$40,377,013	\$34,760,432
EXPENDITURES:						
General Government	\$ 500,402	\$ 510,380	\$ 508,329	\$ 555,515	\$ 584,242	\$ 659,410
Emergency Preparedness	\$ 1,070,361	\$ 1,163,924	\$ 1,287,210	\$ 1,775,182	\$ 1,606,029	\$ 1,454,969
Economic Development and Public Works	\$ 829,941	\$ 402,644	\$ 377,087	\$ 796,962	\$ 387,747	\$ 748,302
Airport	\$ 363,389	\$ 322,506	\$ 670,140	\$ 269,526	\$ 1,559,296	\$ 447,660
Transfer Stations & Solid Waste	\$ 88,094	\$ 100,931	\$ 103,918	\$ 127,919	\$ 148,394	\$ 164,400
Library	\$ 2,082,006	\$ 2,013,709	\$ 1,999,868	\$ 2,168,159	\$ 2,473,512	\$ 2,475,143
Community Development and Housing	\$ 1,136,839	\$ 1,142,642	\$ 1,323,608	\$ 1,249,571	\$ 1,628,246	\$ 2,411,436
Constitutional Offices	\$ 1,146,557	\$ 1,252,479	\$ 1,564,686	\$ 1,475,404	\$ 1,561,081	\$ 1,644,543
Paramedic Program	\$ 3,496,269	\$ 3,717,452	\$ 4,220,049	\$ 5,145,550	\$ 5,656,071	\$ 6,486,521
Finance	\$ 3,004,920	\$ 3,244,765	\$ 3,194,297	\$ 3,537,365	\$ 3,982,650	\$ 4,215,922
Grant-in-Aid Programs	\$ 1,862,687	\$ 2,440,555	\$ 3,403,300	\$ 3,459,386	\$ 3,519,133	\$ 4,488,096
Long Term Debt Retirement			\$ 2,923,181	\$ -	\$ -	
Other Expenditures	\$ 3,995,567	\$ 4,746,525	\$ 6,329,641	\$10,295,937	\$11,015,623	\$ 7,047,724
Appropriated Reserve	N/A	N/A	N/A	N/A	N/A	\$ 2,516,306
TOTAL EXPENDITURES AND RESIDUAL EQUITY TRANSFERS:	\$19,577,032	\$21,058,512	\$27,905,314	\$30,856,476	\$ 34,122,024	\$34,760,432
SURPLUS/(DEFICIT)	\$ 3,171,529	\$ 6,927,612	\$ 4,038,118	\$ 2,516,306	\$ 6,254,989	\$ -

Note: (1) Includes General Fund & Community Development Grants. Does not include Debt Service Fund or Capital Projects Fund.

**TABLE 2
SUSSEX COUNTY
GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES (1)
(INCLUDING DEBT SERVICE FUND)**

	Fiscal Year 1998 (Actual)	Fiscal Year 1999 (Actual)	Fiscal Year 2000 (Actual)	Fiscal Year 2001 (Actual)	Fiscal Year 2002 (Estimated)	Fiscal Year 2003 (Budget)
REVENUES:						
Taxes	\$11,965,216	\$15,667,681	\$17,467,252	\$19,060,041	\$21,767,582	\$16,599,803
Intergovernmental	\$ 3,657,460	\$ 4,018,986	\$ 4,498,913	\$ 4,497,470	\$ 5,765,708	\$ 6,474,917
Charges for Services	\$ 5,160,436	\$ 6,079,047	\$ 7,321,816	\$ 8,140,748	\$10,495,441	\$ 7,642,424
Miscellaneous	\$ 1,711,440	\$ 2,021,271	\$ 2,227,112	\$ 2,388,146	\$ 1,350,103	\$ 1,035,482
Fines and Forfeits	\$ 11,853	\$ 14,038	\$ 15,790	\$ 16,946	\$ 20,699	\$ 15,500
Other Financing Sources	\$ 910,939	\$ 995,357	\$ 1,153,200	\$ 2,579,039	\$ 977,480	\$ 2,992,306
TOTAL REVENUES:	\$23,417,344	\$28,796,380	\$32,684,083	\$36,682,390	\$40,377,013	\$34,760,432
EXPENDITURES:						
General Government	\$ 500,402	\$ 510,380	\$ 508,329	\$ 555,515	\$ 584,242	\$ 659,410
Emergency Preparedness	\$ 1,070,361	\$ 1,163,924	\$ 1,287,210	\$ 1,775,182	\$ 1,606,029	\$ 1,454,969
Economic Development and Public Works	\$ 829,941	\$ 402,644	\$ 377,087	\$ 796,962	\$ 387,747	\$ 748,302
Airport	\$ 363,389	\$ 322,506	\$ 670,140	\$ 269,526	\$ 1,559,296	\$ 447,660
Transfer Stations & Solid Waste	\$ 88,094	\$ 100,931	\$ 103,918	\$ 127,919	\$ 148,394	\$ 164,400
Library	\$ 2,082,006	\$ 2,013,709	\$ 1,999,868	\$ 2,168,159	\$ 2,473,512	\$ 2,475,143
Community Development And Housing	\$ 1,136,839	\$ 1,142,642	\$ 1,323,608	\$ 1,249,571	\$ 1,628,246	\$ 2,411,436
Constitutional Offices	\$ 1,146,557	\$ 1,252,479	\$ 1,564,686	\$ 1,475,404	\$ 1,561,081	\$ 1,644,543
Paramedic Program	\$ 3,496,269	\$ 3,717,452	\$ 4,220,049	\$ 5,145,550	\$ 5,656,071	\$ 6,486,521
Finance	\$ 3,004,920	\$ 3,244,765	\$ 3,194,297	\$ 3,537,365	\$ 3,982,650	\$ 4,215,922
Grant-in-Aid Programs	\$ 1,862,687	\$ 2,440,555	\$ 3,403,300	\$ 3,459,386	\$ 3,519,133	\$ 4,488,096
Other Expenditures	\$ 3,995,567	\$ 4,746,525	\$ 6,329,641	\$10,295,937	\$11,075,038	\$ 7,047,724
Interest and Amortization	\$ 406,543	\$ 359,223	\$ 285,466	\$ 202,478	\$ -	\$ -
Long Term Debt – Retirement	\$ 389,864	\$ 392,028	\$ 3,313,223	\$ 3,494,353	\$ -	\$ -
Appropriated Reserve	N/A	N/A	N/A	N/A	N/A	\$ 2,516,306
TOTAL EXPENDITURES AND RESIDUAL EQUITY TRANSFERS:	\$20,373,439	\$21,809,763	\$28,580,822	\$34,553,307	\$34,181,439	\$34,760,432
SURPLUS/(DEFICIT)	\$ 3,043,905	\$ 6,986,617	\$ 4,103,261	\$ 2,129,083	\$ 6,195,574	\$ -

Note: (1) Includes General Fund, Community Development Grants and Debt Service Fund. It does not include Capital Projects Fund.

**TABLE 3
SUSSEX COUNTY
GENERAL FUND BALANCES
(EXCLUDING DEBT SERVICE)**

	Fiscal Year 1998 (Actual)	Fiscal Year 1999 (Actual)	Fiscal Year 2000 (Actual)	Fiscal Year 2001 (Actual)	Fiscal Year 2002 (Estimated)
Revenues (including transfers in)	\$22,748,561	\$27,986,124	\$31,943,432	\$33,372,782	\$40,377,013
Expenditures (including transfers out)	\$19,577,032	\$21,058,512	\$27,905,314	\$30,856,476	\$34,122,024
Surplus/(Deficit)	\$ 3,171,529	\$ 6,927,612	\$ 4,038,118	\$ 2,516,306	\$ 6,254,989
Total Fund Balance	\$14,674,655	\$21,602,267	\$25,640,385	\$28,156,691	\$34,411,680
Undesignated Portion of Fund Balance	\$ 6,586,487	\$ 7,135,873	\$ 6,529,680	\$ 6,962,181	\$ 7,732,890
Total Fund Balance as a Percentage of Following Fiscal Year General Fund Budget	58.88%	75.60%	85.15%	90.15%	99.00%
Undesignated Portion of Fund Balance as a Percentage of Following Fiscal Year General Fund Budget	26.43%	24.97%	21.68%	22.29%	22.24%

Water District and Water Facilities Operation

The County is the owner and operator of the water transmission and distribution facilities in one water district, the Dewey Beach Water District. The County purchases water for the Dewey Beach Water District from the City of Rehoboth. The County obtains water revenues through both service charges and water assessments. Water service charges are billed to users of the water system in the Dewey Beach Water District and are used, among other things, to purchase the District's water from the City of Rehoboth. Water assessments are assessed on property owners within the water district and are used, among other things, for debt service on County general obligation bonds used for water transmission and distribution facilities. Water service charges are billed quarterly and the water assessment is assessed annually. It is the County's intention to continue its current practice of establishing water service charges and water assessments at levels necessary to maintain the Water Fund as a self-supporting enterprise fund on a cash basis.

Sewer and Water Districts Budget

A summary of the fiscal year 2003 cash basis operating budget for Sewer and Water Districts is presented in Table 4. The budget excludes capital depreciation but includes debt service costs. Table 5 shows the history of sewer and water rates for the last five fiscal years and the current fiscal year.

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TABLE 4
SUSSEX COUNTY COUNCIL
SEWER & WATER DISTRICTS
STATEMENT OF BUDGETED REVENUES AND EXPENDITURES
FOR THE YEAR ENDING JUNE 30, 2003

REVENUE:	AMOUNT
Service and Assessment Charges	\$ 16,027,961
Investment Income	\$ 397,548
Permit Fees	\$ 42,500
Holding Tank and Septic Fees	\$ 289,000
Lateral Installation Income	\$ 170,000
Connection Fees	\$ 1,987,246
Rental and Farm Income	\$ 43,095
Available Surplus	\$ 844,841
Bond Proceeds	\$ 2,800,000
County Contribution	\$ 313,000
TOTAL REVENUE	\$ 22,915,191
<hr/>	
EXPENDITURES:	
Operations and Maintenance	\$ 11,680,078
Repair and Replacement Fund	\$ -
Bond Retirement and Interest	\$ 11,235,113
TOTAL EXPENDITURES	\$ 22,915,191

TABLE 5
SUSSEX COUNTY
SEWER AND WATER ANNUAL RATE AND ASSESSMENT HISTORY
DISTRICT TOTALS FOR RESIDENTIAL AND COMMERCIAL USE
FISCAL YEARS 1998-2003

	1998	1999	2000	2001	2002	2003
DEWEY BEACH WATER DISTRICT						
Annual Service Charge	\$ 146.80	\$ 146.80	\$ 146.80	\$ 146.80	\$ 146.80	\$ 146.80
Per Foot Assessment Charge	\$ 1.63	\$ 1.63	\$ 1.63	\$ 1.63	\$ 1.63	\$ 1.63
DEWEY BEACH SEWER DISTRICT						
Annual Service Charge	\$ 243.14	\$ 243.14	\$ 243.14	\$ 243.14	\$ 243.14	\$ 243.14
Per Foot Assessment Charge	\$ 0.77	\$ 0.77	\$ 0.77	\$ 0.77	\$ 0.77	\$ 0.77
BETHANY BEACH SEWER DISTRICT						
Annual Service Charge	\$ 205.44	\$ 205.44	\$ 205.44	\$ 205.44	\$ 195.10	\$ 195.10
Per Foot Assessment Charge	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69	\$ 0.69
SOUTH BETHANY SEWER DISTRICT						
Annual Service Charge	\$ 218.42	\$ 218.42	\$ 218.42	\$ 218.42	\$ 195.10	\$ 195.10
Per Foot Assessment Charge	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.75
FENWICK ISLAND SEWER DISTRICT						
Annual Service Charge	\$ 195.10	\$ 195.10	\$ 195.10	\$ 195.10	\$ 195.10	\$ 195.10
Per Foot Assessment Charge	\$ 1.37	\$ 1.37	\$ 1.37	\$ 1.37	\$ 1.37	\$ 1.37
BLADES SEWER DISTRICT						
Annual Service Charge	\$ 231.63	\$ 231.63	\$ 231.63	\$ 231.63	\$ 231.63	\$ 231.63
Per Foot Assessment Charge	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95	\$ 0.95
SUSSEX SHORES SEWER (1)						
Annual Service Charge	\$ 205.44	\$ 205.44	\$ 205.44	\$ 205.44	\$ 195.10	\$ 195.10
Per Foot Assessment Charge	\$ 4.37	\$ 4.37	\$ 4.37	\$ 3.99	\$ 3.99	\$ 3.99
NORTH BETHANY SEWER (1)						
Annual Service Charge	\$ 205.44	\$ 205.44	\$ 205.44	\$ 205.44	\$ 195.10	\$ 195.10
Per Foot Assessment Charge	\$ 12.99	\$ 12.99	\$ 12.99	\$ 11.99	\$ 11.99	\$ 11.99
OCEAN WAY ESTATES SEWER (1)						
Annual Service Charge	\$ 205.44	\$ 205.44	\$ 205.44	\$ 205.44	\$ 195.10	\$ 195.10
Per Foot Assessment Charge	\$ 3.42	\$ 3.42	\$ 3.42	\$ 3.30	\$ 3.30	\$ 3.30
HENLOPEN ACRES SEWER DISTRICT						
Annual Service Charge	\$ 376.47	\$ 376.47	\$ 376.47	\$ 376.47	\$ 376.47	\$ 376.47
Per Foot Assessment Charge	\$ 1.01	\$ 1.01	\$ 1.01	\$ 1.01	\$ 1.01	\$ 1.01
LONG NECK SEWER DISTRICT						
Annual Service Charge	\$ 157.62	\$ 157.62	\$ 157.62	\$ 157.62	\$ 157.62	\$ 157.62
Per Foot Assessment Charge	\$ 3.99	\$ 3.99	\$ 3.99	\$ 3.99	\$ 3.99	\$ 3.99

	1998	1999	2000	2001	2002	2003
DAGSBORO-FRANKFORD						
SEWER DISTRICT						
Annual Service Charge	\$ 219.41	\$ 219.41	\$ 219.41	\$ 219.41	\$ 219.41	\$ 219.41
Per Foot Assessment Charge	\$ 1.52	\$ 1.52	\$ 1.52	\$ 1.52	\$ 1.52	\$ 1.52
WEST REHOBOTH SEWER (2)						
Annual Service Charge	\$ 202.00	\$ 202.00	\$ 202.00	\$ 202.00	\$ 202.00	\$ 202.00
Per Foot Assessment Charge	\$ 5.31	\$ 5.31	\$ 5.31	\$ 4.99	\$ 4.79	\$ 4.65
HOLTS LANDING SEWER DISTRICT						
Annual Service Charge	N/A	N/A	N/A	\$ 295.00	\$ 195.10	\$ 195.10
Per Foot Assessment Charge	N/A	N/A	N/A	\$ 2.50	\$ 2.50	\$ 4.58
OCEAN VIEW SEWER (1)						
Annual Service Charge	N/A	N/A	N/A	N/A	\$ 195.10	\$ 195.10
Per Foot Assessment Charge	N/A	N/A	N/A	N/A	\$ 3.68	\$ 3.68
MILLER CREEK SEWER						
Annual Service Charge	N/A	N/A	N/A	N/A	N/A	\$ 195.10
Per Foot Assessment Charge	N/A	N/A	N/A	N/A	N/A	N/A
NORTH MILLVILLE SEWER(1)						
Annual Service Charge	N/A	N/A	N/A	N/A	N/A	\$ 195.10
Per Foot Assessment Charge	N/A	N/A	N/A	N/A	N/A	\$ 3.68
CEDAR NECK SEWER(1)						
Annual Service Charge	N/A	N/A	N/A	N/A	N/A	\$ 195.10
Per Foot Assessment Charge	N/A	N/A	N/A	N/A	N/A	\$ 5.99

Source: Sussex County Department of Finance, Utility Billing Division.

Notes: Service charges are based upon Equivalent Dwelling Units.

- (1) Sussex Shores, North Bethany, Ocean View, North Millville, Cedar Neck and Ocean Way Estates are not individual sewer districts, being instead extensions of the Bethany Beach Sewer District. Annual service charges are the same for Bethany Beach Sewer District, Sussex Shore, North Bethany, Ocean View, North Millville, Cedar Neck and Ocean Way Estate customers. Sussex Shore, North Bethany, Ocean View, North Millville, Cedar Neck and Ocean Way Estate customers, however, are charged an additional Per Foot Assessment.
- (2) West Rehoboth Sewer is an extension of the Dewey Beach Sewer District, however, it has its own billing structure.

Additional Notes:

Assessment Charge Rates are times the assessable front footage of each parcel.

Minimum assessable footage: 40 feet.

Proprietary Funds

The Water and Sewer Districts are enterprise funds (“proprietary funds”) financed and operated in a manner similar to a private business enterprise, for which the intent is that the costs (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

Table 6 on the following pages sets forth the combined statement of operations and retained earnings for the fiscal years 1998 through 2002. Fiscal year 2002 numbers are unaudited estimates.

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TABLE 6
SUSSEX COUNTY
COMBINED STATEMENT OF OPERATIONS AND RETAINED EARNINGS
ALL PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30

	1998 (Actual)	1999 (Actual)	2000 (Actual)	2001 (Actual)	2002 (Estimated)
	-----	-----	-----	-----	-----
OPERATING REVENUE:					
Assessment and Connection Fees (Net)	\$ 8,301,337	\$ 8,222,343	\$ 9,422,948	\$11,191,129	\$12,364,185
Permit Fees, Plumbers' Licenses and Review Fees	\$ 527,103	\$ 379,999	\$ 837,023	\$ 1,092,404	\$ 1,048,276
Service Charges (Net)	\$ 6,853,146	\$ 7,094,349	\$ 7,324,326	\$ 7,871,254	\$ 7,900,760
	-----	-----	-----	-----	-----
TOTAL OPERATING REVENUE	\$15,681,586	\$15,696,691	\$17,584,297	\$20,154,787	\$21,313,221
OPERATING EXPENSES:					
Advertising	\$ -	\$ -	\$ -	\$ -	
Amortization	\$ 95,356	\$ 95,356	\$ 50,794	\$ 86,747	\$ 162,360
Computer Billing	\$ 29,339	\$ 18,484	\$ 25,550	\$ 17,131	\$ 19,814
Depreciation	\$ 4,689,475	\$ 4,743,623	\$ 4,788,039	\$ 5,444,682	\$ 5,888,188
Employee Benefits	\$ 582,428	\$ 507,642	\$ 368,865	\$ 558,106	\$ 596,784
Equipment and Tools	\$ 18,922	\$ 115,784	\$ 46,856	\$ 13,695	\$ 4,791
Equipment Rental and Leases	\$ 35,910	\$ 38,878	\$ 39,344	\$ 46,389	\$ 8,072
Insurance	\$ 254,567	\$ 249,868	\$ 147,221	\$ 176,706	\$ 209,553
Maintenance and Repairs	\$ 267,386	\$ 199,437	\$ 148,922	\$ 275,438	\$ 275,213
Miscellaneous	\$ 86,281	\$ 86,334	\$ 90,636	\$ 141,200	\$ 82,400
Payroll Taxes	\$ 133,580	\$ 134,870	\$ 142,918	\$ 155,787	\$ 177,869
Process Chemicals	\$ 43,544	\$ 37,348	\$ 48,746	\$ 50,038	\$ 63,628
Professional Services	\$ 75,426	\$ 115,317	\$ 87,759	\$ 83,239	\$ 31,425
Salaries	\$ 1,792,359	\$ 1,696,780	\$ 1,902,303	\$ 2,095,286	\$ 2,389,903
Shared Costs					
Administrative	\$ 257,339	\$ 253,775	\$ 257,336	\$ 253,815	\$ 254,926
Operating	\$ 389,961	\$ 373,511	\$ 418,412	\$ 509,856	\$ 477,919
Supplies	\$ 69,678	\$ 77,133	\$ 105,957	\$ 149,810	\$ 143,605
Training	\$ 35,120	\$ 10,328	\$ 24,593	\$ 10,072	\$ 13,034
Transportation Expense	\$ 96,361	\$ 122,942	\$ 161,972	\$ 158,924	\$ 174,888
Utilities	\$ 858,622	\$ 905,349	\$ 911,308	\$ 986,230	\$ 983,423
Wastewater Treatment	\$ 440,145	\$ 508,421	\$ 666,450	\$ 590,052	\$ 697,145
	-----	-----	-----	-----	-----
TOTAL OPERATING EXPENSES	\$10,251,799	\$10,291,180	\$10,433,981	\$11,803,203	\$12,654,940
INCOME (LOSS) FROM OPERATIONS	\$ 5,429,787	\$ 5,405,511	\$ 7,150,316	\$ 8,351,584	\$ 8,658,281
OTHER INCOME:					
Operating Grant	\$ 322,803	\$ -	\$ 20,903	\$ 1,503,951	\$ 1,331,420
Interest Income	\$ 1,177,786	\$ 866,034	\$ 1,644,063	\$ 1,494,669	\$ 985,647
Operating Transfer In-County Contribution		\$ 430,000	\$ 275,000	\$ 3,100,000	\$ 1,692,500
Miscellaneous Income	\$ 130,921	\$ 58,974	\$ 77,565	\$ 65,656	\$ 69,129
Disposition of Assets				\$ 9,990	\$ -

	1998 (Actual)	1999 (Actual)	2000 (Actual)	2001 (Actual)	2002 (Estimated)
Capital Contributions				\$ 4,814,738	\$ 3,137,735
Capitalization Fees				\$ 343,485	\$ -
TOTAL OTHER INCOME	\$ 1,631,510	\$ 1,355,008	\$ 2,017,531	\$11,332,489	\$ 7,216,431
OTHER EXPENSE:					
Interest Expense	\$ 6,160,679	\$ 5,969,318	\$ 5,985,029	\$ 6,187,465	\$ 5,967,787
Other Grant Related Expenditures		\$ 250,000			\$ -
Disposition of Assets			\$ 102,775	\$ -	\$ 25,096
TOTAL OTHER EXPENSE	\$ 6,160,679	\$ 6,219,318	\$ 6,087,804	\$ 6,187,465	\$ 5,992,883
NET INCOME (LOSS)	\$ 900,618	\$ 541,201	\$ 3,080,043	\$13,496,608	\$ 9,881,829
ADD DEPRECIATION OF FIXED ASSETS ACQUIRED BY CAPITAL GRANTS THAT REDUCES CONTRIBUTED CAPITAL FROM CAPITAL GRANTS	\$ 1,289,585	\$ 1,289,580	\$ 1,292,539	\$ 1,300,651	\$ 1,258,203
NET CHANGE IN RETAINED EARNINGS	\$ 2,190,203	\$ 1,830,781	\$ 4,372,582	\$14,797,259	\$11,140,032
RETAINED EARNINGS (DEFICIT) BEGINNING, AS ORIGINALLY STATED	\$ 5,164,681	\$ 7,354,884	\$ 9,185,665	\$13,558,247	\$28,355,506
CUMULATIVE EFFECT ON PRIOR YEARS OF RETROACTIVE RESTATEMENT FOR ACCOUNTING CHANGE	N/A	N/A	N/A	N/A	N/A
PRIOR PERIOD ADJUSTMENT	N/A	N/A	N/A	N/A	N/A
RETAINED EARNINGS (DEFICIT) BEGINNING, RESTATED	N/A	N/A	N/A	N/A	N/A
RETAINED EARNINGS (DEFICIT) BEGINNING	\$ 5,164,681	\$ 7,354,884	\$ 9,185,665	\$13,558,247	\$28,355,506
RETAINED EARNINGS (DEFICIT) ENDING	\$ 7,354,884	\$ 9,185,665	\$13,558,247	\$28,355,506	\$39,495,538

REVENUE SOURCES OF THE COUNTY FROM OTHER THAN PROPRIETARY FUNDS

The County relies on a mix of taxes, assessments, fees, and other general revenues to finance governmental operations. Each of the major revenue sources is briefly described below.

Local Tax Revenues; Exemptions

A primary tax revenue source of the County is the real property tax. Only real property is subject to taxation by the County under current Delaware law. The taxable assessment base of the County does not include exempt properties (for example, properties owned by governments, churches, colleges or schools, or certain senior citizens). The County tax rate for fiscal year 2003 is \$0.445 per \$100 taxable assessment. Fiscal year 2003 marks the thirteenth consecutive year that the tax rate has remained at \$0.445. The County is required by state law to serve as the billing and collection agency for the local school districts.

County taxes are due on or before September 30 of each year. The Finance Director is required by law to impose a 1½% penalty for each month or portion thereof for which taxes remain unpaid after September 30.

There is no limitation on real property taxes that may be levied to meet the budget requirement of the County. With the exception of the fiscal year immediately following the fiscal year in which a total reassessment of County taxable properties shall have become effective, these taxes may be levied for all purposes other than those that are not to be paid out of the general County revenues. If a total reassessment occurs, total tax revenues for the fiscal year immediately following the fiscal year in which such reassessment shall have become effective may not exceed 15% of the total taxes imposed for the fiscal year immediately preceding the fiscal year in which such reassessment shall have become effective. A total reassessment of County taxable properties last became effective for the fiscal year ended June 30, 1978.

In addition to the general purpose real property tax, the County levies separate assessments for the following purposes:

Special Front Footage Assessment

Property owners owning a majority of the front footage abutting a proposed road may petition the County Council to have such road constructed. If such a petition is submitted, in conjunction with the State Highway Department and the County's Department of Engineering, the County Council secures surveys, plans, cost estimates and other related information. Based on a review of this data, the County Administrator is instructed to conduct a referendum and certify the results to the County Council. Based on the results of that referendum, the County Council funds the project and, with the State Highway Department, reviews construction bids and awards the contract. A special front footage assessment is levied and collected annually from the parcels enjoying the benefit of the improvement. Such receipts are applied to the related debt service or other funding source.

Street Lighting

If the County Council approves of a petition for street lighting submitted by a majority of the property owners within a given community, the County directs the power company to provide the requested street lighting. The parcels within the resulting light districts are assessed an annual tax, based on the type of lighting supplied, to cover the cost of such lighting.

Capitation Tax

The County levies a \$3.00 annual tax on all residents within its borders who are 21 years of age or older.

Realty Transfer Tax

Effective April 1, 1991, the County imposed a 1% realty transfer tax upon the transfer of real property within unincorporated areas in the County. In July 1998 the County's realty transfer tax was increased to 1½% while there was a corresponding decrease in the state transfer tax from 2% to 1½%. Funds from this tax are required to be expended solely for capital and operating costs of public safety, paramedic, economic development, public works services, capital projects and improvements, infrastructure projects and improvements and debt reduction. Revenues from the realty transfer tax have increased substantially during the last few years, corresponding to growth in the County.

Real Property Assessment Program

The last County-wide real property reassessment was made during 1977 by an outside appraisal company. Property values were geared to reflect sale histories that were available during 1974. The revaluation was based on 50% of 1974 market value. All new properties, including residential, commercial and industrial, are appraised at 1974 market values.

As shown on Table 8, the current taxable assessed property values (50% of 1974 market values), are estimated to be only 12.0% of current market values.

Real Property Tax Assessments, Rates and Levies

The real property tax rate is established annually by the County Council and collected by the Department of Finance.

Table 7 presents the assessed value and the estimated market values of taxable real property for fiscal years 1993-2003.

Table 8 shows the 2002-2003 real property tax rates for the respective school districts and the unincorporated areas and municipalities therein.

Table 9 shows tax levies and collection for fiscal year 1998 through November 30, 2002.

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TABLE 7
SUSSEX COUNTY
ASSESSED VALUE VS. MARKET VALUE
OF TAXABLE REAL PROPERTY
1993-2003

<u>Fiscal Year</u>	<u>Estimated Actual Market Value (000)</u>	<u>Assessed Value^{1, 2} (000)</u>	<u>Increase from Previous Year</u>
1993	\$ 8,266,144	\$ 1,395,229	4.0%
1994	9,236,960	1,438,309	3.1
1995	9,423,266	1,487,151	3.4
1996	9,662,222	1,535,992	3.3
1997	10,214,546	1,584,604	3.2
1998	10,989,927	1,644,542	3.8
1999	12,941,093	1,692,449	2.9
2000	13,383,235	1,759,988	4.0
2001	14,830,781	1,833,503	4.2
2002	15,458,694	1,913,171	4.3
2003	16,618,092	1,994,171	4.2

Source: Sussex County

Notes: ¹ The assessed valuation is officially calculated at 50% of 1974 fair market value.

² The assessed value is determined on May 1 of the prior fiscal year.

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**TABLE 8
SUSSEX COUNTY
REAL ESTATE TAXES
2002-2003**

<u>School District/City</u>	<u>County Rate</u>	<u>School Rate</u>	<u>City Rate¹</u>	<u>Vo-Tech Rate</u>	<u>Total Tax Rates/\$100 Assessment²</u>	<u>Tax Base Value as a Percent of Estimated Market Value³</u>
Cape Henlopen						
Henlopen Acres	0.445	2.099	1.45	0.2277	4.2217	12.0%
Lewes	0.445	2.099	0.26	0.2277	3.0317	12.0
Milton	0.445	2.099	0.38	0.2277	3.1517	12.0
Rehoboth Beach	0.445	2.099	1.40	0.2277	4.1717	12.0
Dewey Beach	0.445	2.099	0.40	0.2277	3.1717	12.0
Delmar						
Delmar	0.445	3.23	1.10	0.2277	5.0027	12.0
Indian River ⁴						
Bethany Beach	0.445	2.029	0.08	0.2277	2.7817	12.0
Dagsboro	0.445	2.029	0.38	0.2277	3.0817	12.0
Fenwick Island	0.445	2.029	1.45	0.2277	4.1517	12.0
Frankford	0.445	2.029	1.75	0.2277	4.4517	12.0
Georgetown	0.445	2.029	2.15	0.2277	4.8517	12.0
Millsboro	0.445	2.029	0.46	0.2277	3.1617	12.0
Millville	0.445	2.029	0.20	0.2277	2.9017	12.0
Ocean View	0.445	2.029	0.50	0.2277	3.2017	12.0
Selbyville	0.445	2.029	1.85	0.2277	4.5517	12.0
South Bethany	0.445	2.029	0.65	0.2277	3.3517	12.0
Laurel						
Bethel	0.445	2.39	0.40	0.2277	3.4627	12.0
Laurel	0.445	2.39	1.91	0.2277	4.9727	12.0
Milford						
Ellendale	0.445	2.749	1.00	0.2277	4.4217	12.0
Milford	0.445	2.749	0.41	0.2277	3.8317	12.0
Slaughter Beach	0.445	2.749	0.50	0.2277	3.9217	12.0
Seaford						
Blades	0.445	2.47	1.40	0.2277	4.5427	12.0
Seaford	0.445	2.47	0.45	0.2277	3.5927	12.0
Woodbridge						
Bridgeville	0.445	2.913	1.83	0.2277	5.4157	12.0
Greenwood	0.445	2.913	0.60	0.2277	4.1857	12.0

	<u>Tax Rate/\$100 Assessment</u>	<u>Assessment Ratio</u>	<u>County Capitation Tax</u>	<u>Date of Last Assessment</u>	<u>Assessed Value as a Percent of Estimated Market Value</u>
Sussex County	0.445	50%	3.00	1977	12.0%

Source: Delaware Development Office, the Sussex County Department of Finance, Treasury Division, and various Sussex County Towns' offices.

Notes: ¹ The City Rate shown for Lewes, Milton, Rehoboth, Delmar, Dagsboro, Fenwick Island, Millsboro, Ocean View, Milford, Seaford and Blades are based on assessments established by the individual towns. The other City tax rates are based on County assessments.

² The Total Tax Rates shown here are based on a combined rate regardless of differing assessment methods used by Towns and the County.

³ Market value is compared to assessed values (which are based on 50% of 1974 values).

⁴ The Indian River School District charges \$2.115 as its school rate for non-residential properties.

TABLE 9
SUSSEX COUNTY
TAX LEVIES AND COLLECTIONS
1998 THROUGH November 30, 2002

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy</u>	<u>Delinquent Tax Collections</u>	<u>Total Taxes Collected</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
97-98 (6/30/98)	\$ 7,572,799	\$ 7,315,590	96.6%	\$ 210,652	\$ 7,526,242	99.4%	\$ 546,533	7.2%
98-99 (6/30/99)	7,791,654	7,566,993	97.1	200,523	7,767,516	99.7	519,642	6.7
99-00 (6/30/00)	8,108,146	7,835,808	96.6	161,998	7,997,806	98.6	591,783	7.3
00-01 (6/30/01)	8,461,001	8,156,366	96.4	241,732	8,398,098	99.3	599,135	7.1
01-02 (6/30/02)	8,843,299	8,527,586	96.4	218,947	8,746,533	98.9	661,422	7.5
02-03 (through 11/30/02)	9,149,116	8,467,716	92.6	104,775	8,572,491	93.7	552,774	6.0

Source: Sussex County Department of Finance, Treasury Division

Note: Includes County Taxes for General Operations, Paramedic Programs, County Bonds, Libraries and County Capitalation Taxes.

Tax Exemption and Abatement Policy

The County grants various property tax exemptions and abatements based on certain criteria.

General exemptions (100% of assessment) are granted, based on application, to parcels that are owned by certain non-profit organizations (for example, religious, charitable and educational organizations) and which parcels are not held for investment. Such general exemptions are automatically granted to properties held by government agencies.

Limited exemptions are granted, based on application, to senior citizens (persons age 65 or older) and disabled citizens. The applicant must meet an income limitation (\$6,000 single or \$7,500 joint, excluding social security and railroad pension benefits) and be a permanent resident of Sussex County for at least five years. The exemption applies only to the applicant's primary residence and is limited to a maximum \$12,500 assessment.

Assessment exemptions to be reflected in the annual fiscal year 2003 tax assessment approximate \$205,098,213. Those exemptions are comprised of the following:

General Exemptions	\$182,243,421
Senior Citizens	18,698,384
Disabled Citizens	4,156,408

School district property tax credits for senior citizens (person aged 65 or older), who are full-time County residents, are funded by the State of Delaware and administered by the County. The credit is limited to 50% of the school district property tax bill for a maximum of \$500. Credits totaling \$2,372,427 were granted this year for this senior citizen program. The State of Delaware funded this credit to each respective County school district.

The County has implemented an income-based County property tax subsidy program in addition to the programs described above. For full-time County residents with annual incomes of less than \$15,800, or \$20,000 if married, and with liquid assets less than \$15,000, the County will pay their County portion of property tax for up to the first \$16,000 of taxable assessments.

Delinquent Collections

To promote the timely receipt of revenues, the County enforces a system of gradual penalties for delinquent payments. Commencing after their respective due dates, delinquent property taxes accrue a penalty of 1½% per month. A tax lien is filed on properties when taxes have not been paid for two years. Follow-up billings and letters are also sent to delinquent accounts. The County Constable's Office also pursues delinquent accounts. The County, as a final resort, sells properties via tax sales to recover property taxes.

Taxpayers

Table 10 lists the principal taxpayers in the County by Assessed Valuation and percentage of Total Assessed Valuation.

TABLE 10
SUSSEX COUNTY
TEN LEADING TAXPAYERS
As of October 31, 2002

<u>Name of Business</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u>
Verizon-Bell Atlantic	Telephone Utility	\$34,357,600	1.69%
Conectiv-Delmarva Power	Electric Utility	19,213,346	.95
Indian River Power, LLC	Electric Generation	12,737,071	.63
E.I. DuPont de Nemours & Co., Inc.	Nylon Plant	9,488,900	.47
Tunnell Companies, L.P.	Real Estate Development	4,505,550	.22
Mountaire Farms	Poultry Processing	4,355,000	.21
Delaware Electric Coop	Electric Utility	4,226,566	.21
Carl Freeman Assoc., Inc.	Real Estate Development	3,392,600	.17
Eastern Shore Natural Gas Co.	Gas Utility	3,153,550	.16
Allfirst-First Omni	Banking	3,135,800	.15
TOTAL		\$98,565,983	4.86%

Source: Sussex County Department of Finance, Assessment Division.

DEBT OF THE COUNTY

Debt Policy

In accordance with Delaware law, the County's general obligation bonded indebtedness may not exceed 12% of the assessed valuation of the taxable real estate. Long-term debt may not be issued for the payment of any operating expense, of any judgment resulting from the failure of the County to pay any item of operating expense or for any equipment or any public improvements with a normal life of less than three years.

The County issues long-term general obligation bonds to finance major capital improvements. The County's general obligation debt has been issued primarily in support of water and sewer district projects. This debt is payable in the first instance from assessments, service charges, and other fees levied upon and collected from the benefited district. The County has made voluntary contributions in support of such debt from the County's General Fund, beginning in fiscal year 1999 when the County's portion of the realty transfer tax increased.

TABLE 11
SUSSEX COUNTY
COMPUTATION OF LEGAL DEBT MARGIN
As of December 31, 2002

Total assessed taxable value as of November 30, 2002	\$2,031,860,405
Debt Limit—12% of total assessed value	243,823,249
Total amount of debt applicable to debt limit	100,210,354 ¹
LEGAL DEBT MARGIN	\$ 143,612,895

Note:

¹ This amount includes the Sussex County, Delaware \$31,395,000 General Obligation Bonds, Series 2003, less the Sussex County, Delaware General Obligation Refunding Bonds, Series 1993 and the Sussex County, Delaware RUS Bond that are to be currently refunded.

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TABLE 12
SUSSEX COUNTY
SUMMARY OF DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2002

	Gross General Obligation Debt Outstanding	Percentage Applicable to Sussex County	Debt Applicable to Sussex County
Direct Debt:			
General Obligation Debt	\$100,745,953	100%	\$100,745,953
Total Direct Debt:	\$100,745,953		\$100,745,953
Other Debt of County			
Political Subdivisions:			
School Districts:			
Cape Henlopen	\$ 5,272,540	100	\$ 5,272,540
Delmar	3,372,600	100	3,372,600
Indian River	22,097,152	100	22,097,152
Laurel	597,000	100	597,000
Milford	7,053,710	67	4,702,473
Seaford	6,823,472	100	6,823,472
Sussex Tech.	5,084,711	100	5,084,711
Woodbridge	2,217,063	99	2,194,892
Subtotal School Districts	\$52,518,248		\$50,144,840
Municipalities:			
Bethany Beach			
Blades	\$ 401,300	100	\$ 401,300
Bridgeville	2,300,000	100	2,300,000
Delmar			
Ellendale			
Frankford	820,000	100	820,000
Georgetown			
Greenwood			
Laurel	3,532,981	100	3,532,981
Lewes			
Milford	14,601,236	70	10,220,865
Millsboro	465,000	100	465,000
Milton			
Seaford			
Selbyville	3,643,606	100	3,643,606
Subtotal Municipalities	\$25,764,123		\$21,383,752
Total Direct and Overlapping Debt	\$179,028,324		\$172,274,545

Source: Sussex County Department of Finance, Delaware State Treasurer's Office, local municipalities and local school districts.

Note: This table includes general obligation debt only; it does not include revenue or short-term debt.

TABLE 13
SUSSEX COUNTY
HISTORICAL DIRECT GENERAL OBLIGATION DEBT
As of June 30 each year

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u> ¹
Bonded Debt	\$87,359,817	\$86,864,035	\$104,451,744	\$96,831,574	\$100,745,953
Debt as a Percent of Taxable Assessed Valuation ²	5.16%	4.94%	5.70%	5.06%	5.05%
Debt Per Capita	\$634	\$570	\$667	\$604	\$617

Notes:

¹2002 Debt is as of 6/30/02, excluding this bond issue.

²Taxable Assessed Values based on 50% of 1974 fair market values on May 1 of each year.

In Table 14 Debt Service payments shown for each fiscal year are those due during such fiscal year.

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TABLE 14
SUSSEX COUNTY
GENERAL OBLIGATION DEBT SERVICE¹
Outstanding Total

<u>YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2003	692,264	1,512,174	2,204,438
2004	4,134,942	3,664,121	7,799,063
2005	3,863,081	3,521,991	7,385,073
2006	4,558,506	3,376,962	7,935,468
2007	3,769,602	3,243,760	7,013,362
2008	3,882,084	3,112,284	6,994,368
2009	4,036,004	2,956,365	6,992,368
2010	4,211,427	2,792,941	7,004,368
2011	4,373,407	2,621,835	6,995,242
2012	4,552,017	2,442,976	6,994,993
2013	4,742,309	2,269,734	7,012,043
2014	4,554,367	2,110,077	6,664,443
2015	3,983,253	1,965,890	5,949,143
2016	3,884,047	1,835,395	5,719,442
2017	4,026,826	1,703,145	5,729,971
2018	3,396,672	1,579,446	4,976,118
2019	3,508,667	1,466,025	4,974,692
2020	3,627,912	1,347,320	4,975,232
2021	3,749,486	1,223,104	4,972,590
2022	1,925,522	1,123,605	3,049,127
2023	1,993,175	1,058,696	3,051,871
2024	1,723,932	991,162	2,715,094
2025	1,346,968	925,910	2,272,878
2026	1,403,339	864,554	2,267,894
2027	1,469,723	800,439	2,270,163
2028	1,538,901	733,293	2,272,194
2029	1,605,999	663,107	2,269,106
2030	1,681,152	589,748	2,270,900
2031	1,759,505	512,952	2,272,457
2032	1,836,193	432,701	2,268,894
2033	1,856,373	350,383	2,206,756
2034	1,925,203	266,196	2,191,399
2035	1,641,639	180,595	1,822,234
2036	588,418	126,793	715,211
2037	442,430	105,251	547,681
2038	454,567	85,782	540,349
2039	474,824	65,526	540,350
2040	495,984	44,367	540,351
2041	499,631	22,265	521,896
	\$100,210,354	\$ 54,688,869	\$154,899,224

*Debt service is as of 12/31/02; includes newly closed loans through 12/31/02, Debt Service on the Series 2003 Bonds less the Debt Service on the Sussex County, Delaware General Obligation Refunding Bonds, Series 1993 and the Sussex County, Delaware RUS Bond that are to be currently refunded..

TABLE 15
SUSSEX COUNTY
SCHEDULED PRINCIPAL RETIREMENT OF GENERAL OBLIGATION DEBT

<u>Principal to be Retired Within*</u>	<u>Principal Amounts To be Retired</u>	<u>Percentage of Principal to be Retired</u>
5 Years	20,900,480	20.86%
10 Years	42,815,643	42.73%
15 Years	62,660,808	62.53%
20 Years	77,465,571	77.30%

*Fiscal years, i.e., beginning July 1, 2002 to the end of fiscal year 2007, 2012, etc.

MAJOR CAPITAL PROJECTS CURRENTLY PLANNED

The County is in the design phase for major improvements at the County Airport in Georgetown, Delaware. These improvements include reopening a runway, rehabilitating a taxiway, extending a runway, airport perimeter fencing, and a perimeter service road. These projects will be funded with 90 percent FAA grant money, 5 percent State of Delaware grant money, and a 5 percent County contribution. Other improvements at the airport include new parking lots, airport lighting replacement, instrument approach system, t-hangar expansion, and fire protection improvements. The total estimated cost of these projects is \$7,700,000.

The County is also planning other capital projects to be funded with a combination of federal and state grants, as well as County funding. These projects include an expansion to the Milton Library for approximately \$1,700,000, a new records storage facility for approximately \$750,000, a new Emergency Operations Center building for \$4,500,000, several parking lot expansions and renovations, and some flood mitigation work. It is not anticipated that bond funding will be needed to fund any of these projects or the airport projects.

The County is also planning major sewer improvements within the next few years. The Ellendale sewer project will provide sewer service for the Town of Ellendale and some surrounding areas. The estimated cost of this project is \$11,000,000. Funding for this project will include Federal Rural Development grants, a Federal CDBG grant, State grants, a Rural Development loan, a State Revolving Fund (SRF) loan, and a contribution from the General Fund. Construction has begun on this project and it is scheduled for completion during May of 2003.

Construction has just begun on the Cedar Neck Sewer Project. This sewer extension project will also be served by the County's South Coastal Regional Wastewater Facility Treatment Plant. The estimated cost is approximately \$14,000,000, with \$6,910,700 funded by a Rural Development loan, and the remainder to be funded by a State SRF loan and grant, connection fees charged to property owners, as well as County contributions. The Rural Development loan will be a 40-year loan at 4-1/2 percent. The Cedar Neck Project is scheduled for completion during fiscal year 2004.

Construction has also begun on the new Oak Orchard Sanitary Sewer District. Total costs are estimated to be \$11,779,000, with funding through a Federal Rural Development loan and grant,

a State SRF loan, a State grant, a Federal HUD grant, and a County grant. Project completion is scheduled for fiscal year 2005.

There are other sewer projects with which the County is currently proceeding. The Pinetown Extension of the West Rehoboth Sewer Project, costing approximately \$669,000, should be completed during calendar year 2003. Grant funding for this project has been approved by the State of Delaware and Federal Rural Development Agency. Referendums recently passed for the Miller Creek and South Ocean View Sewer Projects which total approximately \$16,000,000 in project costs. It is anticipated that funding for these projects will be obtained from the State of Delaware SRF loan program and the USDA Rural Development loan and grant programs. The Bay View Estates and Sea Country Estates Sewer Districts are in the design phase, with costs estimated to be approximately \$3.3 million. Design is also underway for expansion and improvements at the County's South Coastal Regional Wastewater Facility, with estimated costs of \$20,500,000. These costs will be expended over the next 4 to 5 years. This expansion will accommodate growth in the area. Funding for this expansion is anticipated from the State SRF loan program and County revenues received from connection fees charged to new users.

ECONOMY OF THE COUNTY

Demographic and Economic Data

Resident population in the County increased from 73,492 in 1960 to 80,356 in 1970, 98,004 in 1980, 113,229 in 1990 and 156,638 in 2000 according to the United States Bureau of the Census. The County contains approximately 20% of the State's population.

The County is experiencing steady, diversified growth in its manufacturing industries, which numbered approximately 155 establishments with total payrolls of about \$341 million and more than 11,910 employees in 2002. Significant industries located in the County include E.I. duPont de Nemours & Company, Inc. in Seaford, Vlasic Foods, Inc. in Millsboro and Decrane Aircraft, Inc. in Georgetown.

Other significant businesses in the County include Perdue Farms, Inc. and Mountaire, Inc. The County has also developed a 145-acre Industrial Park at the Sussex County Airport with State and federal aid. The Industrial Park is designed to promote new industrial enterprise.

Tourism is a major facet of the Sussex County economy with its Atlantic beaches situated at South Bethany, Cape Henlopen State Park, Lewes, Rehoboth, Bethany and Fenwick. Since the State owns much of the beach property along the Atlantic, much of the shore is protected as a natural resource area.

Education

There are eight school districts with 17 public elementary, nine middle, ten junior and senior high schools and three special schools. In addition, there is one charter school in the County. Post-secondary institutions include the Delaware Technical and Community College (South Campus), Wilmington College, Delaware State University and the Colleges of Marine Studies and Agricultural Sciences of the University of Delaware. The University of Delaware has instituted a parallel program with Delaware Technical and Community College whereby students may complete their four-year

degrees in Georgetown without transferring to the University's main campus in Newark. Several of the post-secondary educational institutions have special programs designed to meet the growing technical needs of the community and attract new industries to the area. The 650-acre main campus of the University of Delaware, located in New Castle County, is only about two hours away.

TABLE 16
SUSSEX COUNTY
POST SECONDARY EDUCATIONAL INSTITUTIONS

<u>College</u>	<u>Curriculum</u>	<u>Enrollment</u>
Beebe Hospital School of Nursing	Nursing	42 ¹
Delaware Technical & Community College Complex	Associate Degree Diploma and Certificate Programs in health, business, public service, engineering and industrial education. ²	9,649 ³
University of Delaware, Delaware State University and Wilmington College	Bachelor and Graduate Degree Programs; Continuing Education Courses	Included Above

Source: Delaware Technical & Community College.

Notes:

¹ Enrollment as of November 2002.

² In partnership with University of Delaware, Delaware State University and Wilmington College students can obtain bachelor, masters and doctoral degrees.

³ This figure includes enrollment for the Delaware Technical & Community College, University of Delaware, Delaware State University, Wilmington College and Community Service Programs.

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TABLE 17
SUSSEX COUNTY
PUBLIC SCHOOL ENROLLMENT
1990-2002

1990	18,146
1991	18,265
1992	19,944
1993	21,153
1994	22,750
1995	23,338
1996	23,751
1997	24,718
1998	25,093
1999	25,262
2000	25,324
2001	24,693
2002	25,291

Source: Delaware Department of Public Instruction.

Transportation

The County is served by a well-developed highway and road system, which includes U.S. routes 1, 113 and 13 with several highways leading to Interstate 95 and other interstate connecting points with Norfolk, Washington, Baltimore, Wilmington and Philadelphia, all of which being within easy driving distance. Rail freight services are provided to the County's agriculture, industry and commerce by several branch routes of Norfolk Southern and Shortline operators with interstate rail connections available to the deep-water Port of Wilmington further north. Freight and cargo service to any part of the United States is provided by approximately 10 ICC common carriers which operate in Sussex County. The Sussex County Airport provides air transportation services for the County. Greyhound and Trailways Bus Lines have daily schedules to most East Coast cities.

Medical Facilities

There are three hospitals located within the County. Nanticoke Health Services is located on the western side of the County in Seaford. Beebe Medical Center is located in Lewes, on the eastern side of the County, and Bayhealth Medical Center, which is located in Milford, on the northern side of the County. Other major hospitals utilized by County citizens are located in Wilmington, Delaware and Salisbury, Maryland.

Selected Demographic and Economic Factors

The following table provides the most recent population growth estimates for the County, the State and other counties. The County's growth rate between 1990 and 2000 of 38.3% exceeds that of the State and other governmental entities during the same period. Growth is projected by the Delaware Population Consortium to continue through 2030 and at a rate exceeding that of the rest of the State.

TABLE 18
COMPARATIVE HISTORICAL AND PROJECTED
POPULATION FIGURES PER COUNTY
1990-2020

<u>Years</u>	<u>New Castle</u>	<u>Kent</u>	<u>Sussex</u>	<u>State</u>
1990	442,746	110,193	113,229	666,168
2000	501,780	127,134	157,275	786,189
2005	521,392	133,558	172,014	826,964
2010	538,973	140,036	187,519	866,528
2015	556,025	146,690	203,634	906,349
2020	572,510	153,292	219,547	945,349

Source: Delaware Population Consortium, Population Projection Series (October 2002).

TABLE 19
COMPARATIVE HISTORICAL AND PROJECTED
AVERAGE NUMBER OF HOUSEHOLDS
AND PERSONS PER HOUSEHOLD
1995-2020

	<u>Households</u>			<u>Persons Per Household</u>		
	<u>1995</u>	<u>2000</u>	<u>2020</u>	<u>1995</u>	<u>2000</u>	<u>2020</u>
State of Delaware	273,495	298,756	374,790	2.62	2.63	2.52
Kent County	44,156	47,224	59,552	2.76	2.69	2.57
New Castle County	177,699	188,955	223,255	2.63	2.66	2.56
Sussex County	51,640	62,577	91,983	2.47	2.51	2.39

Source: Delaware Population Consortium (October, 2002); Census 2000

TABLE 20
HOUSING UNITS, HOME VALUE,
MEDIAN RENT AND PER CAPITA INCOME

	<u>Sussex</u>	<u>Kent</u>	<u>New Castle</u>	<u>State</u>
Median Household Income ¹	\$ 39,208	\$ 40,950	\$ 52,419	\$ 47,381
Per Capita Income ¹	20,328	18,662	25,413	23,305
Total Housing Units ²	93,070	50,481	199,521	343,072
Median Home Value ²	\$122,400	\$114,100	\$136,000	\$130,400
Median Rent ²	507	573	670	639
Median Age ²	41.1	34.4	35.0	36.0

Source: U.S. Census Bureau

¹ 1999 Figures.

² 2000 Figures

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TABLE 21
SUSSEX COUNTY
COMPOSITE POPULATION PROJECTION OVERVIEW
(As of July1)

	<u>1990</u>	<u>2000</u>	<u>2005</u>	<u>2010</u>	<u>2015</u>	<u>2020</u>
Population	113,229	157,275	172,014	187,519	203,634	219,547
Population Change*	8,751	14,739	15,505	16,115	15,913	15,072
Births*	8,260	8,556	9,345	10,171	10,656	10,742
Deaths*	6,166	11,087	13,107	15,318	17,767	20,525
Net Migration*	6,297	17,270	19,267	21,262	23,024	24,855
Households	45,054	62,577	71,379	78,060	84,997	91,983
Household Change *	4,916	8,802	6,681	6,937	6,986	6,603
Total Labor Force	57,356	73,222	78,437	83,472	88,082	92,607
Civilian Labor Force	57,169	73,058	78,273	83,308	87,918	92,443
Employed Persons	55,169	69,596	75,142	79,976	84,401	88,745
•Private		53,845	58,136	61,876	65,299	68,660
•Government		10,026	10,825	11,521	12,159	12,785
•Self-employed	4,350	5,583	6,028	6,416	6,771	7,119
•Unpaid Family		142	153	163	172	181
Unemployed		3,462	3,131	3,332	3,517	3,698
Military		164	164	164	164	164
Jobs by Place of Work		68,300	74,935	81,600	90,652	94,848
Jobs by Residence	50,464	74,120	80,027	85,174	89,887	94,513
Net Commuting		-5,820	-5092	-3574	765	335

Source: Delaware Population Consortium (October 18, 2002)

Note: *Represents a five year total

Industry

Table 22 shows the number of establishments in Sussex County, by industry, the number of employees, the average wage per employee and the total annual payroll for 2001.

**TABLE 22
SUSSEX COUNTY
EMPLOYEES, PAYROLL AND ESTABLISHMENTS
BY INDUSTRY**

	<u>Establishments</u>	<u>Employees</u>	<u>Average Wage</u>	<u>Total Wages</u>
Agriculture	158	1,247	\$ 24,081	\$ 30,018,590
Construction	701	4,632	27,273	126,316,424
Manufacturing	155	11,910	28,698	341,777,114
Transportation and Public Utilities	244	1,797	32,369	58,152,895
Wholesale Trade	180	1,421	32,975	46,852,356
Retail Trade	1,270	16,786	17,219	289,052,435
Finance, Insurance & Real Estate	311	4,698	31,664	148,758,325
Services	1,236	13,366	25,967	347,076,069
Federal Government	11	187	38,121	7,131,806
State Education	1	528	26,298	13,880,947
State Non-Education	8	1,018	29,771	30,314,062
Local Education	7	3,240	37,262	120,732,222
Local Non- Education	28	1,080	28,082	30,328,132
Total All Industries	4,310	61,910	\$ 25,689	\$1,590,391,377

Source: State of Delaware Department of Labor

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Employment

**TABLE 23
SUSSEX COUNTY
MAJOR EMPLOYERS
2002**

<u>Name</u>	<u>Business</u>
Allen Family Foods	Poultry Products & Hatchery
AllFirst	Banking
Barcroft	Pharmaceutical
Bayhealth Medical Center	Hospital
Beebe Medical Center	Hospital
Burris Food, Inc.	Food Distributor
Caulk Dentsply	Manufacturer of Dental Products
Conectiv	Electric Utility
Decrane Aircraft	Airplane Refurbishing
Delaware Electric Cooperative, Inc.	Electric Utility
Delaware Tech. & Comm. College	Education
E.I. Dupont de Nemours & Co., Inc.	Chemical Manufacturing
Eastern Shore Poultry	Poultry Products
Food Lion	Grocery
Genesis	Skilled Nursing Facility
Grotto Pizza	Food/Retail
Indian River School District	Education
Intervet	Poultry, Chemicals
Methodist Manor House	Nursing Home
Mountaire, Inc.	Poultry Products
Nanticoke Health Services	Hospital
Perdue Farms, Inc.	Poultry Products
Rusty Rudder Restaurant	Restaurant
Sea Watch International, Inc.	Food Process
Shoffner Industries	Roof Trusses
State of Delaware	Government Services
Sussex County Council	Government Services
Vlasic Foods, Inc.	Food Processing
Wal-Mart, Inc.	Retail
Wilmington Trust Company	Banking

Source: Sussex County Department of Economic Development.

Financial Institutions

Table 24 presents the financial institutions that offer full banking services in the County.

TABLE 24
SUSSEX COUNTY FINANCIAL INSTITUTIONS
As of December 31, 2002

<u>Institution</u>	<u>Total Assets</u>
Bank of Delmarva, N. A.	\$ 197,223,000
Baltimore Trust Company	302,809,000
PNC Bank, Delaware	2,513,111,000
County Bank	191,132,000
Delaware National Bank	277,497,000
Wachovia Bank of Delaware, N.A.	2,735,816,000
Discover Bank	22,702,205,000
AllFirst Financial Center, N.A.	66,013,000
Citizens Financial Corporation	682,605,000
Wilmington Trust Company	7,040,790,000

Source: State of Delaware Bank Commissioner

Construction

The following tables are a breakdown of residential building permits issued in the County in the past eleven years and their stated values (based on estimated construction costs, not final sales prices, and excluding land costs) and a breakdown of manufactured home placement permits:

TABLE 25
SUSSEX COUNTY
RESIDENTIAL BUILDING PERMITS
1992-2002 (Calendar Year)

<u>Year</u>	<u>NEW DWELLINGS</u>		<u>NEW MULTI-FAMILY</u>	
	<u>Number of Permits</u>	<u>Estimated Value</u>	<u>Number of Permits</u>	<u>Estimated Value</u>
1992	1,046	\$ 84,098,521	57	\$11,983,714
1993	1,088	83,440,498	65	16,659,698
1994	1,122	103,534,237	67	19,929,488
1995	1,055	117,259,752	53	13,464,560
1996	1,290	143,095,904	51	23,849,748
1997	1,357	154,680,291	85	31,431,699
1998	1,602	182,848,977	102	37,155,477
1999	1,822	215,418,016	110	46,312,498
2000	1,584	194,666,758	111	45,246,140
2001	1,800	226,570,068	119	49,785,926
2002*	2,268	286,807,047	192	95,700,243

Source: Sussex County Department of Finance, Assessment Division.

* Preliminary numbers for 2002

TABLE 26
SUSSEX COUNTY
MANUFACTURED HOME PLACEMENT PERMITS
1992—2002 (Calendar Year)

<u>Year</u>	<u>Number of Permits</u>	<u>Estimated Value</u>
1992	1087	\$22,110,327
1993	1036	23,543,254
1994	1018	25,763,169
1995	1084	28,127,036
1996	907	25,443,211
1997	1013	29,150,132
1998	1024	33,752,452
1999	965	34,190,085
2000	864	31,552,021
2001	784	29,578,410
2002*	859	34,253,963

TABLE 27
SUSSEX COUNTY
TRENDS IN VALUE OF CONSTRUCTION PERMITS
1992-2002 (Calendar Year)

<u>Year</u>	<u>Number of Permits</u>	<u>Value of Permits</u>
1992	8,279	\$188,129,545
1993	7,826	200,177,135
1994	7,830	238,142,248
1995	7,994	259,517,849
1996	8,387	293,356,827
1997	8,636	324,706,330
1998	9,208	372,149,137
1999	9,611	450,123,584
2000	9,335	396,297,190
2001	9,448	425,395,456
2002*	9,798	562,489,104

Source: Sussex County Department of Finance, Assessment Division

* Preliminary numbers for 2002

Labor Force

TABLE 28
COMPARATIVE TRENDS IN UNEMPLOYMENT RATES
1993-2002

	<u>Sussex County¹</u>	<u>Delaware¹</u>	<u>United States¹</u>
<u>Year</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>	<u>Unemployment Rate</u>
1993	5.5%	5.3%	6.9%
1994	5.2	4.9	6.1
1995	4.7	4.3	5.6
1996	4.5	5.2	5.4
1997	3.9	4.0	4.9
1998	3.9	3.8	4.5
1999	4.3	3.5	4.2
2000	4.4	4.0	4.0
2001	3.9	3.5	4.8
2002 ²	4.0	4.0	6.0

Notes:

¹Delaware Department of Labor.

²These are the unemployment rates for November 2002

LEGAL PROCEEDINGS

Certain legal matters incident to the authorization and issuance of the Bonds are subject to the approval of Potter Anderson & Corroon LLP, Wilmington, Delaware, Bond Counsel, whose approving legal opinion will be available at the time of the delivery of the Bonds. A proposed form of opinion of Bond Counsel is attached hereto as Appendix B. Certain legal matters will be passed upon for the County by Griffin & Hackett, P. A., Georgetown, Delaware.

TAX MATTERS

In the opinion of Potter Anderson & Corroon LLP, Bond Counsel, under existing statutes, regulations and court decisions, assuming continuing compliance by the County with its covenants relating to certain requirements contained in the Code, interest on the Bonds is excluded from gross income for purposes of Federal income taxation. Moreover, such interest is not an "item of preference" for purposes of the individual and corporate alternative minimum taxes. However, under the provisions of the Code, interest on the Bonds is includable in the relevant income computation for calculation of a corporation's liability with respect to the corporate alternative minimum tax. In addition, certain recipients of Social Security and Railroad Retirement benefits are required to take into account interest on the Bonds in determining the taxability of such benefits.

Under the provisions of the Code, there are certain restrictions that must be met subsequent to the delivery of the Bonds, including restrictions that must be complied with throughout the term of the Bonds. Among other things, the Code requires that issuers, under certain circumstances, must

restrict the yield on investments acquired with the proceeds of their obligations and pay to the Federal Government an amount equal to the net arbitrage earnings from the investment of the proceeds thereof. If the County, in those circumstances, were to fail to restrict the yield on such investments, or to fail to make the required payments to the Federal Government within the periods and in the manner specified by the Code, or to comply with certain other provisions of the Code, interest on the Bonds would be includable in the gross income of the holders thereof for Federal income tax purposes from their date of issuance unless, in the case of a failure to make the required payments to the Federal Government on a timely basis, such noncompliance was not due to willful disregard and relief was sought from, and granted by the Internal Revenue Service. The County has covenanted to take all actions required to be taken in order to comply with such requirements. Additionally, the County has covenanted to take all actions on its part necessary under the Code to cause interest on the Bonds received by the holders thereof not to be included in gross income for Federal income tax purposes, including the actions set forth above to the extent the same are applicable and to refrain from taking any action which would cause such interest to be includable in gross income for Federal income tax purposes.

Bond Counsel is also of the opinion that so long as the interest on the Bonds is excluded from gross income for Federal income tax purposes, interest on the Bonds will also be excluded from taxable income for the purposes of the personal and corporate income taxes imposed by the State of Delaware.

The Bonds maturing in the years 2015-2020 and in 2032 (the "Discount Bonds") are issued with original issue discount. In the opinion of Bond Counsel, the difference between the initial public offering price of the Discount Bonds as set forth on the inside cover page and the stated redemption price at maturity of each such Bond constitutes "original issue discount", all or a portion of which will, on the disposition or payment of such Discount Bonds, be treated as tax-exempt interest for federal income tax purposes. Original Issue Discount will be apportioned to owners of such Discount Bonds under a "constant interest method", which utilizes a periodic compounding of accrued interest. If an owner of a Discount Bond who purchases it in the original offering at the initial public offering price owns that Bond to maturity, that bondholder will not realize taxable gain for federal income tax purposes upon payment of that Discount Bond at maturity. An owner of a Discount Bond who purchases it in the original offering at the initial public offering price and who later disposes of the Discount Bond prior to maturity will be deemed to have accrued tax-exempt income in a manner described above; amounts realized in excess of the sum of the original offering price of such Discount Bond and the amount of accrued original issue discount will be taxable gain.

The Bonds maturing in the years 2003-2014 (the "Premium Bonds") are issued with an original issue premium. An amount equal to the excess of the initial public offering prices of the Premium Bonds over their stated redemption prices at maturity constitutes original issue premium on the Premium Bonds. Purchasers of the Premium Bonds must amortize any premium over the Premium Bond's term using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the purchaser's basis in the Premium Bonds is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Premium Bonds prior to maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed.

Purchasers of the Bonds, whether at the time of initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of discount and premium for federal income tax purposes and with respect to state and local tax consequences of owning the Bonds.

There may be other tax consequences to investors in the Bonds. The opinion of Bond Counsel, however, will express no opinion regarding these other Federal or state tax consequences.

Investors may wish to seek advice from their tax advisor with respect to other possible tax consequences of owning a Bond.

LITIGATION AND REGULATORY PROCEEDINGS

In 1989, Sussex County was notified by the U.S. Environmental Protection Agency (EPA) that it had been identified as a “potentially responsible party” under the Comprehensive Environmental Response Compensation and Liability Act for a former landfill site in Laurel, Delaware. In April 1991, Sussex County executed an administrative order to consent to perform certain investigations to evaluate site conditions and determine any necessary remedial actions. Based upon the positive results of such investigations, the EPA issued a December 1994 Record of Decision which stated that “no action” was the selected remedy at the site. In a coordinated effort, the State of Delaware issued a Notice of Conciliation (NOC)) that outlines the terms and conditions for a long-term monitoring of the site to insure that the site continues to pose no unacceptable hazards. To date, Sussex County maintains full compliance with the NOC. As of September 30, 2001, the EPA has removed the site from its national priority list.

Sussex County also owned and operated five other landfill sites with conditions comparable to the Laurel site. These sites are regulated by Delaware’s Hazardous Substance Cleanup Act (HSCA), and Sussex County has entered into a Memorandum of Understanding to enter a voluntary program to assess the current conditions. The site assessment is currently being made.

Although the County is a defendant in a number of other legal proceedings, such pending litigation is not expected to have a material effect on the financial position of the County. At or prior to delivery of the Bonds, the County shall furnish a certificate of the County Administrator or other appropriate official, dated the date of delivery of the Bonds, to the effect that there is no litigation pending or, to their knowledge, threatened, to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or contesting the power of the County or any authority for the issuance of the Bonds, which has not been disclosed in this Official Statement. In addition, such certificate shall state that there is no litigation pending or, to their knowledge, threatened, which may result in any material adverse effect on the ability of the County to meet its obligations under the Bonds, which has not been disclosed in this Official Statement.

OTHER CLOSING CERTIFICATES

At the closing on the sale of the Bonds, the original purchaser of the Bonds shall also receive certificates signed by the County Administrator (a) certifying that the Preliminary Official Statement and this Official Statement, as of their respective dates, do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein and herein, and in light of the circumstances under which they were made, not misleading; and (b) certifying that, as of the date of delivery of the Bonds there has been no material adverse change in the condition, financial or otherwise, of the County from that set forth in the Preliminary Official Statement. In addition, the original purchaser of the Bonds shall also receive in form satisfactory to Potter Anderson & Corroon LLP (i) certificates evidencing the proper execution and delivery of the Bonds and receipt of payment therefor, and a certificate dated as of the date of delivery of the Bonds, and signed by the County Administrator stating that no litigation is then pending, or to the knowledge of such officers, threatened to restrain or enjoin the issuance or delivery of the Bonds or the levy or collection of taxes to pay the Bonds, and that

neither the corporate existence or boundaries of the County, nor the title of any of the said officers to their respective offices, is being contested, and (ii) a certificate of nonarbitrage executed by the County Administrator.

INDEPENDENT AUDITORS

The audited financial statements of the County for the fiscal year ended June 30, 2001, included as Appendix A to this Official Statement, have been examined by Jefferson, Urian, Doane & Sterner, P.A., Georgetown, Delaware, independent certified public accountants, whose report thereon also appears in Appendix A hereto, and have been so included in reliance upon the report of Jefferson, Urian, Doane & Sterner, P.A., given upon their authority as experts in accounting and auditing.

RATING

Standard & Poor's ("S&P") has assigned a rating of "AAA" to the Bonds, with the understanding that, upon delivery of the Bonds, a municipal bond insurance policy will be issued by Ambac Assurance Corporation. An explanation of the significance of such rating may be obtained only from such rating agency. Such rating reflects only the view of such organization. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in the judgment of the agency, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

FINANCIAL ADVISOR

In connection with the authorization and issuance of the Bonds, the County has retained Fairmount Capital Advisors, Inc., Philadelphia, Pennsylvania, as its financial advisor ("Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and any Appendix hereto. The Financial Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE

Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, (the "Rule") prohibits an underwriter from purchasing or selling municipal securities, such as the Bonds, unless it has determined that the issuer of such securities and/or other persons deemed to be material "obligated persons" have committed to provide (i) on an annual basis, certain financial information, including financial information and operating data ("Annual Reports"), to each Nationally Recognized Municipal Securities Information Repository (a "NRMSIR") and the relevant state information repository (if any) and (ii) notice of various events described in the Rule, if material ("Event Notices"), to each NRMSIR or the Municipal Securities Rulemaking Board (the "MSRB") and to any such state information repository.

The County will agree with the purchasers of the Bonds, by executing a Continuing Disclosure Agreement prior to the issuance of the Bonds, to provide Annual Reports with respect to itself to each NRMSIR and to any Delaware information repository that is formed. The County has determined that there currently is not any other obligated person for the purposes of the Rule. The County will provide Material Event Notices to the MSRB and to any Delaware information repository. A form of the Continuing Disclosure Agreement appears as Appendix C to this Official Statement. The County has complied in all material respects with any previous undertakings with regard to the Rule to provide annual reports or notices of material events.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to all such documents for full and complete statements of all matters of fact relating to the Bonds, the security for the payment of the Bonds and the rights of the holders thereof.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

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The execution of this Official Statement and its delivery have been duly authorized by the County Council of the County.

SUSSEX COUNTY

By: s/Robert L. Stickels
Robert L. Stickels
County Administrator

APPENDIX A

**AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2001**

**COUNTY OF SUSSEX, DELAWARE
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FOR THE YEAR ENDED JUNE 30, 2001**

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INDEPENDENT AUDITOR'S REPORT

To the President and Members
of the County Council
County of Sussex, Delaware
Georgetown, Delaware

We have audited the accompanying general purpose financial statements of the County of Sussex, Delaware, as of and for the year ended June 30, 2001, as listed in the foregoing Index. These general purpose financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the County of Sussex, Delaware as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note X to the financial statements, the County changed its method of accounting for certain nonexchange transactions as required by the provisions of Government Accounting Standards Board Statement No. 33.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2001 on our consideration of County of Sussex, Delaware's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The required supplementary information listed in the Index is not a required part of the general purpose financial statements but is supplementary information required by the Government Accounting Standards Board.

We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentations of the supplemental information. However, we did not audit the information and express no opinion on it. The combining financial statements and the additional information listed in the Index are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the County of Sussex, Delaware. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jefferson, Urian, Doane & Sterner P.A.

Georgetown, Delaware
December 19, 2001

GENERAL PURPOSE FINANCIAL STATEMENTS

COUNTY OF SUSSEX, DELAWARE
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund		Account Groups			Totals	
	General Fund	Debt Service Fund	Capital Projects Fund	Enterprise Funds	Pension Trust Fund	General	Long-Term Debt	General Fixed Assets			2001	2000
ASSETS AND OTHER DEBITS												
Cash and temporary investments:												
Operating	\$27,480,955	\$ 56,926	\$ 75,768	\$ 18,794,973	\$ 6,249	\$ -	\$ -				\$ 46,414,871	\$ 40,002,026
Restricted	2,682,282	-	-	10,128,634	-	-	-				12,810,916	17,823,306
Investments - restricted	-	-	-	1,757,055	-	-	-				1,757,055	1,701,500
Receivables (net of allowances):												
Taxes	32,834	2,397	-	-	-	-	-					
Miscellaneous	1,105,357	-	919	1,727,471	-	-	-				35,231	42,364
Service	-	-	-	775,331	-	-	-				2,833,747	477,196
Assessment, impact, connection, and expansion	283,772	-	-	787,858	-	-	-				775,331	792,879
Accrued interest	115,448	92	-	24,630	252,215	-	-				1,071,630	1,013,607
Mortgage receivable	400,000	-	-	-	-	-	-				392,385	678,747
Unbilled taxes	8,128,448	612,215	-	-	-	-	-				400,000	-
Due from other funds	3,705,322	-	44,410	2,126,032	-	-	-				8,740,663	8,087,508
Due from other governmental agencies	-	-	-	151,146	-	-	-				5,875,764	3,373,951
Inventory	22,209	-	-	16,373	-	-	-				151,146	391,168
Prepaid expenses	52,973	-	-	-	-	-	-				38,582	31,894
Pension investments	-	-	-	-	-	-	-				52,973	98,750
Property, plant and equipment	-	-	-	215,537,684	-	-	-				17,747,389	17,614,111
Accumulated depreciation	-	-	-	(52,037,887)	-	-	-	29,979,088			245,516,772	232,933,580
Construction in progress	-	-	-	9,029,690	-	-	-	-			(52,037,887)	(46,593,208)
Bond issue cost (net of amortization)	-	-	-	1,125,022	-	-	-	-			9,029,690	6,562,844
Unamortized bond discount	-	-	-	447,141	-	-	-	-			1,125,022	1,214,115
Amount available in Debt Service Fund	-	-	-	-	-	-	-	-			447,141	481,727
Amount to be realized from future taxation	-	-	-	-	-	-	-	-			59,415	446,638
											4,192,712	8,114,561
TOTAL ASSETS AND OTHER DEBITS	<u>\$44,009,600</u>	<u>\$ 671,630</u>	<u>\$ 121,097</u>	<u>\$210,391,153</u>	<u>\$18,005,853</u>	<u>\$29,979,088</u>	<u>\$ 4,252,127</u>	<u>\$29,979,088</u>			<u>\$307,430,548</u>	<u>\$295,289,264</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF SUSSEX, DELAWARE
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS - CONTINUED
JUNE 30, 2001

-4-

	Governmental Fund Types				Proprietary Fund Types	Fiduciary Fund	Account Groups		Totals	
	General Fund	Debt Service Fund	Capital Projects Fund	General			(Memorandum Only) 2001	2000		
				Fixed Assets					Long-Term Debt	
LIABILITIES										
Accounts payable	\$ 1,760,780	\$ -	\$ -	\$ -	\$ 2,858,463	\$ -	\$ -	\$ -	\$ 4,619,243	\$ 4,663,454
Notes payable	-	-	-	-	1,589,949	-	-	-	1,589,949	3,828,482
Accrued wages, vacation, and sick pay	1,127,229	-	-	-	651,763	-	-	1,825,077	3,604,069	3,396,473
Accrued interest payable	-	-	-	-	654,508	-	-	-	654,508	867,830
Due to other funds	230,723	-	-	-	5,645,041	-	-	-	5,875,764	3,373,951
Deferred tax revenues	8,128,448	612,215	-	-	-	-	-	-	8,740,663	8,087,508
Deferred revenue	1,260,005	-	-	-	-	-	-	-	1,260,005	14,945
Deposits	3,345,724	-	-	-	22,866	-	-	-	3,368,590	2,806,960
Loan payable	-	-	-	-	14,048,385	-	-	-	14,048,385	14,818,162
Bond anticipation notes	-	-	-	-	-	-	-	-	-	16,900,000
Bonds payable	-	-	-	-	112,599,839	-	-	-	112,599,839	103,305,000
Unamortized bond premium	-	-	-	-	-	-	-	-	-	45,376
Contracts payable	-	-	-	-	-	-	-	56,050	56,050	1,028,972
Accrued landfill postclosure care	-	-	-	-	-	-	-	2,371,000	2,371,000	2,418,000
TOTAL LIABILITIES	15,852,909	612,215	-	-	138,070,814	-	-	4,252,127	158,788,065	165,555,113
ND EQUITY AND OTHER CREDITS										
Investment in general fixed assets	-	-	-	-	-	-	29,979,088	-	29,979,088	27,976,680
Contributed capital	-	-	-	-	43,964,833	-	-	-	43,964,833	44,518,169
Retained earnings (deficit)	-	-	-	-	28,355,506	-	-	-	28,355,506	13,558,247
Fund Balances:										
Reserved	18,704,187	-	121,097	-	-	18,005,853	-	-	36,831,137	30,409,019
Unreserved										
Designated for debt service	-	59,415	-	-	-	-	-	-	59,415	446,638
Designated for subsequent years' expenditures	2,490,323	-	-	-	-	-	-	-	2,490,323	6,295,718
Undesignated	6,962,181	-	-	-	-	-	-	-	6,962,181	6,529,680
TOTAL FUND EQUITY AND OTHER CREDITS	28,156,691	59,415	121,097	-	72,320,339	18,005,853	29,979,088	-	148,642,483	129,734,151
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	\$ 44,009,600	\$ 671,630	\$ 121,097	\$ 121,097	\$ 210,391,153	\$ 18,005,853	\$ 29,979,088	\$ 4,252,127	\$ 307,430,548	\$ 295,289,264

The accompanying notes are an integral part of these financial statements.

COUNTY OF SUSSEX, DELAWARE
COMBINED STATEMENT OF REVENUES AND EXPENDITURES -
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001

- 5 -

				Totals	
	General Fund	Debt Service Fund	Capital Projects Fund	(Memorandum Only) 2001	2000
REVENUES					
Taxes	\$ 17,464,834	\$ 1,595,207	\$ -	\$ 19,060,041	\$ 17,467,252
Intergovernmental	4,497,470	-	283,632	4,781,102	4,761,403
Charges for services	8,140,748	-	-	8,140,748	7,321,816
Fines and forfeits	16,946	-	-	16,946	15,790
Miscellaneous	2,266,226	121,920	270	2,388,416	2,227,336
TOTAL REVENUES	32,386,224	1,717,127	283,902	34,387,253	31,793,597
EXPENDITURES					
General administration	555,515	-	-	555,515	508,329
Grant-in-aid programs	3,459,386	-	-	3,459,386	3,403,300
Finance	3,537,365	-	-	3,537,365	3,194,297
Personnel	1,310,851	-	-	1,310,851	2,246,459
Buildings and grounds	1,310,663	-	-	1,310,663	1,315,731
Data processing	315,618	-	-	315,618	302,970
Planning and zoning	784,695	-	-	784,695	664,925
County constable	197,868	-	-	197,868	157,570
Paramedic program	5,145,550	-	-	5,145,550	4,220,049
Emergency preparedness	1,775,182	-	-	1,775,182	1,287,210
Economic development and public works	796,962	-	-	796,962	377,087
County engineer	936,446	-	-	936,446	841,986
Airport	269,526	-	-	269,526	670,140
Engineering - solid waste	127,919	-	-	127,919	103,918
Library	2,168,159	-	-	2,168,159	1,999,868
Community development and housing programs	1,249,571	-	-	1,249,571	1,323,608
Constitutional offices	1,475,404	-	-	1,475,404	1,564,686
Other capital outlay	-	-	172,208	172,208	64,389
Interest and amortization	-	202,478	-	202,478	285,466
Long-term debt - retirement	-	3,494,353	-	3,494,353	3,313,223
TOTAL EXPENDITURES	25,416,680	3,696,831	172,208	29,285,719	27,845,211
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,969,544	(1,979,704)	111,694	5,101,534	3,948,386
OTHER FINANCING SOURCES (USES)					
Reimbursements from funds for services	601,103	-	-	601,103	597,095
Operating transfers in	385,455	1,592,481	-	1,977,936	400,000
Operating transfers out	(4,692,481)	-	-	(4,692,481)	(275,000)
TOTAL OTHER FINANCING SOURCES (USES)	(3,705,923)	1,592,481	-	(2,113,442)	722,095
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 3,263,621	\$ (387,223)	\$ 111,694	\$ 2,988,092	\$ 4,670,481

COUNTY OF SUSSEX, DELAWARE
 COMBINED STATEMENT OF CHANGES IN FUND BALANCE -
 GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2001

- 6 -

	General Fund	Debt Service Fund	Capital Projects Fund	Totals	
				(Memorandum Only) 2001	2000
FUND BALANCES - BEGINNING OF YEAR, AS ORIGINALLY STATED	\$ 25,484,280	\$ 446,638	\$ 9,403	\$ 25,940,321	\$ 21,950,945
PRIOR PERIOD ADJUSTMENT - GASB 33	156,105	-	-	156,105	-
FUND BALANCES - BEGINNING OF YEAR, AS RESTATED	25,640,385	446,638	9,403	26,096,426	21,950,945
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	3,263,621	(387,223)	111,694	2,988,092	4,670,481
RESIDUAL EQUITY TRANSFERS OUT - SEWER DISTRICTS	(747,315)	-	-	(747,315)	(525,000)
FUND BALANCES - END OF YEAR	<u>\$ 28,156,691</u>	<u>\$ 59,415</u>	<u>\$ 121,097</u>	<u>\$ 28,337,203</u>	<u>\$ 26,096,426</u>

COUNTY OF SUSSEX, DELAWARE
 COMBINED STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
 GENERAL FUND (NON-GAAP)
 FOR THE YEAR ENDED JUNE 30, 2001

- 7 -

	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES			
Taxes	\$ 14,666,875	\$ 17,464,834	\$ 2,797,959
Intergovernmental	7,425,141	4,497,470	(2,927,671)
Charges for services	6,562,491	8,140,748	1,578,257
Fines and forfeits	12,000	16,946	4,946
Miscellaneous	1,135,276	2,266,226	1,130,950
TOTAL REVENUES	29,801,783	32,386,224	2,584,441
EXPENDITURES			
General administration	611,523	546,522	65,001
Grant-in-aid programs	3,319,274	3,237,062	82,212
Finance	3,511,294	3,821,290	(309,996)
Personnel	1,527,216	1,312,695	214,521
Buildings and grounds	1,349,621	1,296,425	53,196
Data processing	349,044	317,527	31,517
Planning and zoning	812,886	810,048	2,838
County constable	197,836	201,230	(3,394)
Paramedic program	5,407,984	5,055,570	352,414
Emergency preparedness	1,544,969	1,391,990	152,979
Economic development and public works	436,206	788,168	(351,962)
County engineer	1,057,451	942,453	114,998
Airport	1,142,813	602,604	540,209
Engineering - solid waste	105,550	43,414	62,136
Library	2,404,287	2,283,063	121,224
Community development and housing programs	2,885,504	1,249,571	1,635,933
Constitutional offices	1,739,550	1,510,151	229,399
TOTAL EXPENDITURES	28,403,008	25,409,783	2,993,225
EXCESS OF REVENUES OVER EXPENDITURES	1,398,775	6,976,441	5,577,666
OTHER FINANCING SOURCES (USES)			
Reimbursements from water and sewer funds for services	552,845	601,103	48,258
Prior year surplus	3,154,000	-	(3,154,000)
Operating transfer in	400,000	385,455	(14,545)
Operating transfer out	(2,000,000)	(1,854,116)	145,884
Appropriated reserves	(3,154,000)	(3,236,013)	(82,013)
Reserved for contingencies	(351,620)	-	351,620
TOTAL OTHER FINANCING SOURCES (USES)	(1,398,775)	(4,103,571)	(2,704,796)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ 2,872,870	\$ 2,872,870

COUNTY OF SUSSEX, DELAWARE
STATEMENT OF CHANGES IN PLAN NET ASSETS - PENSION TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2001

- 8 -

	<u>Pension Trust Fund</u>
ADDITIONS	
Employer contributions	<u>\$ 1,440,572</u>
Investment:	
Investment income (loss)	(633,893)
Investment expenses	<u>-</u>
Net investment income (loss)	<u>(633,893)</u>
DEDUCTIONS	
Transfer of assets	<u>(385,455)</u>
NET INCREASE IN PLAN NET ASSETS	421,224
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - BEGINNING OF YEAR	<u>17,584,629</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS - END OF YEAR	<u><u>\$ 18,005,853</u></u>

COUNTY OF SUSSEX, DELAWARE
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2001

- 9 -

	<u>Enterprise Funds</u>
OPERATING REVENUES	
Assessment and connection fees	\$ 11,191,129
Permit fees, plumbers' licenses and review fees	1,092,404
Service charges	<u>7,871,254</u>
TOTAL OPERATING REVENUES	<u>20,154,787</u>
OPERATING EXPENSES	
Amortization	86,747
Computer billing	17,131
Depreciation	5,444,682
Employee benefits	558,106
Equipment and tools	13,695
Equipment rental and leases	46,389
Insurance	176,706
Maintenance and repairs	275,438
Miscellaneous	141,200
Payroll taxes	155,787
Process chemicals	50,038
Professional services	83,239
Salaries	2,095,286
Shared costs:	
Administrative	253,815
Operating	509,856
Supplies	149,810
Training	10,072
Transportation expense	158,924
Utilities	986,230
Wastewater treatment	<u>590,052</u>
TOTAL OPERATING EXPENSES	<u>11,803,203</u>
OPERATING INCOME	<u>8,351,584</u>
NON-OPERATING REVENUES (EXPENSES)	
Grant	1,503,951
Interest income	1,494,669
Disposition of assets	9,990
Capital contributions	4,814,738
Capitalization fees	343,485
Miscellaneous	65,656
Interest expense	<u>(6,187,465)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>2,045,024</u>
INCOME (LOSS) BEFORE OPERATING TRANSFER	10,396,608
OPERATING TRANSFER IN	<u>3,100,000</u>
NET INCOME	13,496,608
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY CAPITAL GRANTS THAT REDUCES CONTRIBUTED CAPITAL FROM CAPITAL GRANTS	<u>1,300,651</u>
NET CHANGE IN RETAINED EARNINGS	14,797,259
RETAINED EARNINGS - BEGINNING	<u>13,558,247</u>
RETAINED EARNINGS - ENDING	<u>\$ 28,355,506</u>

The accompanying

se financial statements.

COUNTY OF SUSSEX, DELAWARE
COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001

- 10 -

	<u>Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 8,351,584
Adjustments to reconcile operating income to net cash provided:	
Depreciation	5,444,682
Amortization	86,747
Changes in assets and liabilities:	
Accounts receivable	(1,374,377)
Due from other funds	465,982
Due from other governments	28,987
Inventory	283
Compensated absences	62,246
Accounts payable	144,206
Due to other funds	2,955,286
Deposits	7,714
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>16,173,340</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of fixed assets	(11,207,059)
Bonding insurance settlement	3,436,613
Proceeds from sale of fixed assets	9,990
Net payments on line of credit	(2,238,533)
Retirement of bonds and related costs	(2,956,908)
Bond proceeds	15,301,090
Bond anticipation note retirement	(16,900,000)
Capitalization fee collected	343,485
Payment on loan payable	(769,777)
Interest on bonds	(6,418,227)
Payments for bond issue costs	(8,443)
Intergovernmental contributed capital	747,315
NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(20,660,454)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	<u>1,865,551</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Miscellaneous income	1,569,607
Operating transfers in	<u>3,100,000</u>
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	<u>4,669,607</u>
NET INCREASE IN CASH	<u>2,048,044</u>
CASH AT BEGINNING OF YEAR	<u>26,875,563</u>
CASH AT END OF YEAR	<u><u>\$ 28,923,607</u></u>
NONCASH TRANSACTIONS AFFECTING FINANCIAL POSITION	
Amortization of early extinguishment of debt in accordance with GASB 23	\$ 445,010
Contributed property	<u>4,814,738</u>
NET AFFECT OF NONCASH TRANSACTIONS	<u><u>\$ 5,259,748</u></u>

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

County of Sussex, Delaware (the County) was founded in 1683. Local government is provided by a five member elected County Council. The County principally provides general administrative services; public safety services; paramedics; Constitutional Row Offices; zoning; libraries; housing and economic development programs; and sewer and water service and maintenance. The County's financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

1. Reporting Entity

The accompanying financial statements include various agencies, department organizations, and offices that are legally controlled by or dependent on the County Council (the primary government) and the County's component units. The criteria for including organizations as component units within the County's reporting entity, as set forth in GASB Statement No. 14, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the County holds the corporate powers of the organization
- the County appoints a voting majority of the organization's board
- the County is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the County
- there is fiscal dependency by the organization on the County

Based upon the application of these criteria, the Constitutional Row Offices are component units of the County and have been blended for presentation purposes. The blending of the Constitutional Row Offices is a result of their governing body being substantially the same as the primary government's governing body, and the Row Offices provide services almost exclusively for the benefit of the County.

The following do not meet the established criteria for inclusion in the reporting entity and, therefore, are excluded from this report: the towns, school districts, and independent libraries within Sussex County.

2. Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into five generic fund types and three broad fund categories as follows:

Governmental Funds

General Fund - The general fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Fund Accounting - Continued

Capital Projects Fund - The capital projects fund is maintained to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the Water and Sewer Districts). Capital projects expenditures in 2001 were for various airport projects.

Proprietary Fund

Enterprise Fund - The Water and Sewer Districts are enterprise funds financed and operated in a manner similar to a private business enterprise, for which the intent is that the costs (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. For presentation purposes, the West Rehoboth Sewer Fund has been presented as a separate fund. However, West Rehoboth is actually an extension of the Dewey Sewer District.

Fiduciary Funds

Pension Trust Fund - The pension trust fund is used to account for the accumulation of resources for pension benefit payments, and is accounted for essentially the same as the proprietary funds.

3. Fixed Assets and Long-Term Debt

General Fixed Assets - Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets, consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation.

Enterprise Fund Fixed Assets - All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with its activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings (deficit) components. Donated fixed assets are valued at their estimated fair value on the date of donation.

Depreciation of all exhaustible fixed assets used by enterprise funds is charged in amounts sufficient to amortize the cost over their estimated useful lives using the straight-line method as follows:

Plant	5 - 50 years
Equipment	5 - 50 years
Distribution system	5 - 50 years
Sewer	5 - 50 years

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Fixed Assets and Long-Term Debt - Continued

Long-Term Debt - Long-term debt associated with construction of Water and Sewer Districts' assets is expected to be paid from the resources of the districts. Therefore, consistent with the intent that these funds be self-sustaining, this construction related long-term debt is recorded on the balance sheet of the benefited district and accounted for entirely within that fund.

All other long-term debt of the County is accounted for in the general long-term debt account group.

4. Bond Discounts and Issuance Costs

In governmental funds, bond discounts and issuance costs are recognized in the current period. Bond discounts and issuance costs for proprietary funds are deferred and amortized over the term of the bonds using the straight-line method.

5. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The County considers property taxes as available if they are collected within 60 days after fiscal year-end. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Those revenues susceptible to accrual are property taxes, special assessments, interest revenue and charges for services, intergovernmental, and miscellaneous.

All proprietary funds and the pension trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The accrual basis of accounting is utilized by proprietary and pension trust fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Under this basis of accounting, the County applies (a) all GASB pronouncements and (b) FASB Statements and Interpretation, APB Opinions, and Accounts Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Measurement Focus/Basis of Accounting - Continued

The County's tax year runs from May 1 to April 30. Property taxes are recorded and attached as an enforceable lien on property on May 1, the date levied. Taxes are payable under the following terms: July 1 through September 30, face amount; after September 30, a 1.5% penalty per month is charged on the unpaid balance due. Although the taxes receivable are a measurable asset of the County at June 30, they are not available for receipt; these taxes are recorded as deferred revenues on the County's balance sheet.

6. Budgets and Budgetary Accounting

Prior to March 1, the County Administrator, in conjunction with the Director of Finance and the Director of Accounting, distributes budget request forms to each department and agency. The budget must identify the specific level of service provision and describe how priorities have been established and incorporated into the budget.

These budgets are prepared by April 1. The County Administrator, with the assistance of the Director of Finance and Director of Accounting, then develop an annual operating budget, using these department budgets to evaluate the priority and costs of various services. The recommended annual operating budget is then presented to Council by the County Administrator. This submission includes proposed operating budget ordinances setting forth the proposed departmental appropriations and various tax rates to balance the budget.

The Council reviews the budget both internally and through public hearings. Subsequently, the budget is adopted through legislation in Council prior to July 1. The operating budget ordinance and related revenue ordinances are officially adopted when approved by the County Council.

Appropriations are legislated at the departmental level by object of expenditure. Although the County Code requires budget amendments to be adopted using the same procedures as its original adoption, the Council has authorized the Administrator to make budgetary transfers. The aggregate amount of the budget cannot be changed without hearings. All unused and unencumbered annual appropriations lapse at fiscal year-end.

The budget for the County's general fund has been prepared on a basis consistent with generally accepted accounting principles (GAAP), except for its use of encumbrances for budgetary purposes and its non-recognition of donated assets, changes in compensated absences, and the total contract amount of assets purchased under financing plans as expenditures and revenues in the year of acquisition.

Encumbrance accounting is the practice whereby purchase orders and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at fiscal year-end are reported as reservations of fund balance as they do not constitute expenditures or liabilities under generally accepted accounting principles.

Prior year expenditures are those expenses that were budgeted in the last fiscal year, June 30, 2000, but paid within this fiscal year, June 30, 2001.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6. Budgets and Budgetary Accounting - Continued

The following is a reconciliation of actual data for the general fund presented on a GAAP basis to the budgetary basis:

Total Expenditures:	
GAAP basis	\$ 25,416,680
Effect of encumbrances and prior year expenditures	(78,427)
Compensated absences	<u>71,530</u>
Budgetary basis	<u>\$ 25,409,783</u>

7. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the water and sewer funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Restricted cash mainly consists of amounts held by the County for the employees' health plan, proceeds from grant programs, property sales, Constitutional Row Offices, 911 emergency reporting, mobile home placement fee, and various sewer system reserves and construction funds.

8. Investments

Investments for all funds, with one exception, are stated at fair value. Fair values are determined by quoted market prices, where available. The enterprise fund money market investments that have a remaining maturity at time of purchase of one year or less are reported at amortized cost.

Restricted investments represent amounts held by the County for construction of West Rehoboth sewer system.

9. Accounts Receivable

Accounts receivable are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

10. Inventory

Inventories are valued at the lower of cost using first-in, first-out (FIFO) or market and represent supplies owned by the County. The costs of these inventories are recorded as expenditures when consumed.

11. Deposits and Deferred Revenue

Deposits and deferred income represent monies held by the County either to be recognized as revenue in future periods or to be remitted to others.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

12. Accumulated Unpaid Vacation and Sick Pay

Employees are granted vacation and sick leave in varying amounts. Vacation leave is only accrued as earned on the basis of services already performed by the employee, for the portion that is probable to be paid in the future. Sick pay is only accrued when it is probable that the employer will pay it upon termination or retirement. In the event of termination or retirement, an employee is reimbursed for accumulated vacation days up to two times their yearly vacation and, for sick days, up to a maximum of 90 days.

For governmental funds, the current portion of accumulated vacation and sick pay is reported as a liability in those funds, while the remaining portion is reported as a liability in the general long-term debt account group.

13. Interest Capitalization

Interest costs incurred by a proprietary fund for the acquisition and/or construction of capital assets are subject to capitalization. The interest capitalization period begins when the following conditions are present:

- a. Expenditures for the capital asset have been made.
- b. Activities that are necessary to get the capital asset ready for its intended use are in progress.
- c. Interest cost is being incurred.

The amount of interest cost to be capitalized is based on the weighted-average amount of accumulated expenditures for the period multiplied by the proprietary fund's interest rate for the obligation incurred specifically to finance the construction of the capital asset. During fiscal 2001, Proprietary Fund interest expense is net of \$ 462,450 of capitalized interest.

14. Amortization

Amortization is provided for bond discount and issue costs on a straight-line basis over the terms of the bonds, which range from one to forty years.

15. Amortization of Contributed Capital

Contributions of capital received prior to July 1, 2000 (the adoption of GASB No. 33) relating to construction of capital assets in the enterprise funds are being amortized over periods equal to the lives of assets acquired with the contributed capital, which range from 5 to 50 years.

16. Total Columns on Combined Statements - Overview

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - CASH AND INVESTMENTS

All deposits are in various financial institutions and are carried at cost. Idle funds are invested in repurchase agreements (cash management accounts), which are collateralized by the bank. Transactions are made directly with the banks; services of brokers or securities dealers are not used.

The carrying amount and bank balance of the County's deposits with banks are categorized below to give an indication of the level of risk assumed by the County at June 30, 2001:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured by the FDIC or collateralized with securities held by the County or by its agent in the County's name	\$ 8,193,289	\$ 8,193,289
Collateralized with securities held by the pledging bank's trust department or agent in the County's name	41,375,316	43,749,420
Uninsured and uncollateralized	9,607	9,607
<u>Repurchase Agreements</u>		
Uninsured: Collateralized with securities held by bank in the County's name	<u>9,628,519</u>	<u>9,628,519</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS	<u>\$ 59,206,731</u>	<u>\$ 61,580,835</u>

The following provides a reconciliation between the amounts disclosed in the above footnote and the amounts presented in the combined balance sheet - all fund types and account groups.

Total deposits and temporary investments	\$ 59,206,731
Petty cash	<u>19,056</u>
TOTAL CASH AND TEMPORARY INVESTMENTS PER COMBINED BALANCE SHEET	<u>\$ 59,225,787</u>

The County's long-term investments are categorized below to give an indication of risk assumed by the County at fiscal year-end. Investments not evidenced by securities are not categorized. Such investments include open-end mutual funds and external pooled investments. Pooled investments represent investments in which the County owns units of the pool rather than specific securities. As a result, such investments cannot be categorized as to credit risk.

NOTE B - CASH AND INVESTMENTS - CONTINUED

Investment balances held in each category are as follows at June 30, 2001:

	<u>Fair Value</u>
Insured or registered	\$ 4,965,376
Securities not subject to classification of credit risk	<u>14,539,068</u>
TOTAL LONG-TERM INVESTMENTS	<u>\$ 19,504,444</u>

The following provides a reconciliation between the amounts disclosed in the above footnote and the amount presented in the combined balance sheet - all fund types and account groups.

Enterprise fund investments	\$ 1,757,055
Pension trust investments	<u>17,747,389</u>
TOTAL LONG-TERM INVESTMENTS PER COMBINED BALANCE SHEET	<u>\$ 19,504,444</u>

Statutes authorize the County to invest in bonds or in other obligations of which the faith and credit of the United States of America are pledged, obligations of federal governmental agencies issued pursuant to Acts of Congress, repurchase agreements that are secured by any bond or other obligation for the payment of which the faith and credit of the United States are pledged, Fidelity Investments mutual funds, Delaware Local Government Retirement Investment Pool, and any bank or banks in the State of Delaware.

NOTE C - ACCOUNTS RECEIVABLE

The allowance for uncollectible receivables at June 30, 2001 is \$ 563,412 for taxes, \$ 7,832 for service and \$ 7,958 for assessment.

NOTE D - FIXED ASSETS

1. General Fixed Assets

Changes in the general fixed assets group of accounts during the year ended June 30, 2001 were as follows:

	<u>Balance at June 30, 2000</u>	<u>Additions, net of Retirements</u>	<u>Balance at June 30, 2001</u>
Land	\$ 3,936,000	\$ 25,000	\$ 3,961,000
Buildings	9,620,396	133,882	9,754,278
Improvements	7,428,311	59,522	7,487,833
Machinery and equipment	<u>6,991,973</u>	<u>1,784,004</u>	<u>8,775,977</u>
TOTAL	<u>\$ 27,976,680</u>	<u>\$ 2,002,408</u>	<u>\$ 29,979,088</u>

NOTE D - FIXED ASSETS - CONTINUED

2. Enterprise Fund Fixed Assets

A summary of proprietary fund type property, plant, and equipment follows:

<u>Water Fund</u>	Balance at June 30, 2000	Additions, net of Retirements	Balance at June 30, 2001
Land	\$ 35,766	\$ -	\$ 35,766
Plant	38,553	-	38,553
Equipment	188,114	17,223	205,337
Distribution system	3,806,602	4,036	3,810,638
	4,069,035	21,259	4,090,294
Less accumulated depreciation	1,823,065	114,638	1,937,703
Net property, plant and equipment	2,245,970	(93,379)	2,152,591
<u>Sewer Fund</u>			
Land	4,313,063	24,768	4,337,831
Sewer	192,664,555	9,922,013	202,586,568
Equipment	3,910,247	612,744	4,522,991
	200,887,865	10,559,525	211,447,390
Less accumulated depreciation	44,770,143	5,330,041	50,100,184
Net property, plant and equipment	156,117,722	5,229,484	161,347,206
Construction in progress	6,562,844	2,466,846	9,029,690
TOTAL	\$ 164,926,536	\$ 7,602,951	\$ 172,529,487

NOTE E - SUSSEX COUNTY EMPLOYEE PENSION PLAN

Plan Description and Provisions

The County established and administers a single-employer defined benefit pension plan for its employees. The Plan provides for retirement, disability and death benefits to plan members and their beneficiaries. Employees are not required to contribute to the plan. The pension plan is reported in the fiduciary fund in the County's financial statements. A covered employee is an employee who receives a regular salary or wages wholly, or in part, directly, or indirectly, from Sussex County provided, however, that an employee shall not be considered in covered employment if they are a part-time or seasonal employee who is not regularly employed for more than 120 working days in any one calendar year, per Ordinance No. 19, 6/10/75, No. 52, 12/16/80, No. 73, 9/22/81, No. 318, 11/12/85, No. 359, 3/25/86 and No. 1375, 6/6/00. Also covered are elected officials, Justices of the Peace, and Constables for time worked prior to March 31, 1965. Cost-of-living adjustments (COLA) are provided at the discretion of the County Council. The County has authority to establish and amend benefit provisions of the plan.

NOTE E - SUSSEX COUNTY EMPLOYEE PENSION PLAN - CONTINUED

Plan Description and Provisions - Continued

To be eligible for retirement benefits, a covered employee who shall have service with Sussex County in continuous employment for at least eight years shall be considered eligible for retirement benefits within the meaning of this Ordinance, except as otherwise provided. The age for normal retirement is 62 with eight years of service, 60 for early retirement with 15 years of service, or after 30 years of service regardless of age, for most employees. Effective June 6, 2000, the number of years of service for normal retirement is 25 for paramedic and emergency communication specialists. For the year ended June 30, 2001 total payroll was \$ 12,005,185. Covered payroll refers to all compensation by the County to active employees covered by the plan. Current membership in the plan (as of January 1, 2001) is as follows:

<u>Vested Actives</u>	<u>Nonvested Actives</u>	<u>Total Actives</u>	<u>Retirees</u>	<u>Terminated Vested</u>	<u>Covered Payroll</u>
200	186	386	85	52	\$ 10,835,061

Annual Pension Cost and Net Pension Obligation

The County's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 752,825
Interest on net pension obligation	(78,134)
Adjustment to annual required contribution	129,434
Annual Pension Cost	804,125
Contributions made	(1,440,572)
Decrease in Net Pension Obligation	(636,447)
Net Pension Obligation (Asset), Beginning of Year	(976,676)
Net Pension Obligation (Asset), End of Year	<u>\$ (1,613,123)</u>

The County's annual contribution to the pension trust is determined through the budgetary process and with reference to actuarial determined contributions. Contributions made were 13.3 percent of covered payroll. The contribution is designed to accumulate sufficient assets to pay benefits when due. The actuarial valuation of the plan as of January 1, 2001 was determined using the projected unit credit actuarial cost method. This measure is independent of the funding method used to determine contributions to the system. The actuarial assumptions include:

- A rate of return on the investment of present and future assets of 8.0 percent per year compounded annually.
- Projected salary increases of 5.0 percent per year compounded annually.
- The assumption that benefits will increase 2.0 percent annually after retirement for cost of living increases.
- Inflation of 4.0 percent per year underlying the salary scale and interest rates.
- Five year phase-in of asset gains and losses is used to value assets. Prior to fiscal year 2001, the current market value of assets was used for the valuation.

NOTE E - SUSSEX COUNTY EMPLOYEE PENSION PLAN - CONTINUED

Annual Pension Cost and Net Pension Obligation - Continued

The level dollar closed method is used to amortize the Annual Required Contribution and an adjustment to the Annual Required Contribution. The remaining amortization period is 15 years. Employer contributions are recognized in the period in which contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative costs are financed through investment earnings.

Trend information is as follows:

<u>Year Ended June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
1999	\$ 772,756	114.1%	\$ 157,746
2000	811,717	239.8	(976,676)
2001	804,125	179.1	(1,613,123)

The plan was funded with contributions as follows:

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
1976	\$ 75,000	1992	\$ 463,552
1982	50,000	1993	890,882
1983	150,000	1994	950,736
1984	80,995	1995	1,040,285
1985	100,000	1996	1,175,078
1986	234,000	1997	1,157,975
1987	419,532	1998	896,732
1988	484,224	1999	881,820
1989	182,262	2000	1,946,139
1990	342,739	2001	1,440,572
1991	355,582		

Pension Trust Assets

The pension trust funds are invested in U.S. Treasury Notes, U.S. Government Agency Notes and Bonds, Sussex County Second Lien Revenue Bonds, the Delaware Local Government Retirement Investment Pool (DELRIP), Wilmington Trust Company (WTC) mutual funds, and Fidelity Investments mutual funds. Wilmington Trust Company is the trustee of the Plan. DELRIP was established to allow local governments the option to pool their pension assets with the Delaware Public Employees' Retirement System (DPERS). DELRIP is in the custody of the Delaware Board of Pension Trustees and is subject to oversight of the DPERS' Investment Committee and not of the Securities and Exchange Commission (SEC). The WTC mutual funds are in the custody of the Wilmington Trust Company. The DELRIP investments are stated at fair value, which is the same as the value of the DPERS' Master Trust shares. Further details of the DELRIP investments are disclosed in the DPERS 30th Comprehensive Annual Financial Report, which may be obtained by calling 1-800-722-7300.

NOTE E - SUSSEX COUNTY EMPLOYEE PENSION PLAN - CONTINUED

Investments at fair value in excess of 5% of the Plan's net assets held in trust for pension benefits at June 30, 2001 consist of:

	<u>Fair Value</u>
Delaware Local Retirement Investment Pool	\$ 7,536,717
Fidelity Investments	2,018,268
Wilmington Trust Company mutual funds	<u>4,983,083</u>
TOTAL	<u>\$ 14,539,068</u>

NOTE F - DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional and participants elect how their salary deferrals are invested. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The County is not matching employee contributions. Under custodial agreements, the custodians hold all assets and income in trust for the exclusive benefit of participants and their beneficiaries.

NOTE G - INTERIM FINANCING

Notes Payable - Enterprise Funds

Short-term financing is obtained from banks to provide working capital for the Enterprise Funds. At June 30, 2001 short-term notes payable for the Enterprise Funds were \$ 1,589,949, with an interest rate of 4.32%. The County had \$ 23,410,052 of unused line of credit to be drawn upon as needed.

Bond Anticipation Notes - Enterprise Funds

The County issued \$ 16,900,000 of bond anticipation notes, Series 1999, with a 4.5% coupon rate at a price of \$ 100.537. The proceeds were used for interim funding of various sewer and wastewater expansions and improvements, in anticipation of the issuance of bonds to repay the notes. These bonds were repaid June 15, 2001.

NOTE H - LONG-TERM OBLIGATIONS

General Long-Term Debt Group

The general long-term bonded debt at June 30, 2000 of \$ 3,494,353 that consisted of the 1993 general obligation refunding bonds; due in various installments through October 14, 2020; with interest ranging from 4.9% to 5.7%; was defeased during the fiscal year. There was no general long-term bonded debt at June 30, 2001.

NOTE H - LONG-TERM OBLIGATIONS - CONTINUED

General Long-Term Debt Group - Continued

The annual changes to general long-term debt for compensated absences, contracts payable and accrued landfill postclosure care as of June 30, 2001 are as follows:

	June 30, 2000	Net Change	June 30, 2001
Compensated absences	\$ 1,619,874	\$ 205,203	\$ 1,825,077
Contracts payable	1,028,972	(972,922)	56,050
Accrued landfill postclosure care	2,418,000	(47,000)	2,371,000
TOTAL	\$ 5,066,846	\$ (814,719)	\$ 4,252,127

Enterprise Fund Long-Term Debt

The following is a summary of bond transactions of the County for the year ended June 30, 2001:

	Balance at June 30, 2000	Additions	Reductions	Balance at June 30, 2001
Series 1992	\$ 1,291,005	\$ -	\$ (15,001)	\$ 1,276,004
Series 1993	44,195,647	-	(2,160,647)	42,035,000
Series 1994	9,718,037	-	(121,051)	9,596,986
Series 1995	20,670,000	-	(430,001)	20,240,000
Series 1995A	3,534,470	-	(43,367)	3,491,103
Series 1995B	6,453,512	-	(78,116)	6,375,396
Series 1995C	5,883,626	-	(70,246)	5,813,380
Series 1995D	2,950,414	-	(34,730)	2,915,684
Series 1996	445,816	-	(3,749)	442,067
Series 1997	9,584,864	595,661	-	10,180,525
Series 2000	-	4,647,570	-	4,647,570
Series 2000	-	58,859	-	58,859
Series 2001	-	9,999,000	-	9,999,000
Subtotal	104,727,391	15,301,090	(2,956,908)	117,071,574
Deferred, Series 1993	(3,409,730)	361,801	-	(3,047,929)
Deferred, Series 1995	(1,507,014)	83,209	-	(1,423,806)
TOTAL	\$ 99,810,647	\$ 15,746,100	\$ (2,956,908)	\$ 112,599,839

Deferred amount on refunding is the difference between the reacquisition price and the net carrying amount of the refunded debt, net of amortization. This difference is reported in the accompanying financial statements as a deduction from bonds payable. Amortization of deferred amount on refunding charged to interest expense totaled \$ 445,010 and \$ 465,011 for fiscal year 2001 and 2000, respectively.

NOTE H - LONG-TERM OBLIGATIONS - CONTINUED

Enterprise Fund Long-Term Debt - Continued

The Enterprise Fund long-term debt as of June 30, 2001 is comprised of the following:

1992 sewer system construction, due in quarterly installments through December 22, 2032; interest at 5.5%.	\$ 1,276,004
1993 general obligation refunding bonds, due in various installments through October 15, 2020; interest ranging from 4.9% to 5.7%.	42,035,000
1994 wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through December 20, 2034, interest at 4.5%.	9,596,986
1995 wastewater revenue bonds (West Rehoboth expansion sewer system), due in various installments through June 15, 2025, interest ranging from 4.45% to 5.5%.	20,240,000
1995A wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through March 9, 2035, interest at 4.5%.	3,491,103
1995B wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through June 27, 2035, interest at 4.5%.	6,375,396
1995C wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through September 26, 2035, interest at 4.5%.	5,813,380
1995D wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through December 22, 2035, interest at 4.5%.	2,915,684
1996 wastewater general obligation bonds (Ocean Way Estates expansion sewer system), due in quarterly installments of \$ 6,256 principal and interest, interest at 4.5%, final payment due October 17, 2036.	442,067
1997 wastewater general obligation bonds (West Rehoboth expansion sewer system), due in various installments through June 15, 2021, interest at 1.5%. Total bonds authorized are \$ 12,000,000	10,180,525
2000 wastewater general obligation bonds (Ocean View, Holts Landing, Cedar Neck, North Millville and SCRWF projects), due in semi-annual installments, interest at 1.5%, final payment due September 2022. Total bonds authorized are \$ 13,752,100.	4,647,570

NOTE H - LONG-TERM OBLIGATIONS - CONTINUED

Enterprise Fund Long-Term Debt - Continued

2000 wastewater general obligation bonds (Ellendale Sanitary Sewer District), due in semi-annual installments, interest at 1.5%, final payment due August 2023. Total bonds authorized are \$ 1,726,000.	\$ 58,859
2001 wastewater general obligation bonds (West Rehoboth expansion sewer system), due in quarterly installments of \$ 135,087 principal and interest, interest at 4.5%, final payment due June 1, 2041.	<u>9,999,000</u>
Subtotal	117,071,574
Deferred amount on refunding, net of amortization	<u>(4,471,735)</u>
ENTERPRISE FUND BONDS PAYABLE	<u>\$ 112,599,839</u>

Debt service for the 1995 wastewater revenue bonds will be paid from user fee revenue generated by the West Rehoboth expansion sewer system.

The annual requirement to repay bonded debt is as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 3,646,814	\$ 5,320,826	\$ 8,967,640
2003	3,885,457	5,190,782	9,076,239
2004	4,157,469	5,013,571	9,171,040
2005	4,222,717	4,827,583	9,050,300
2006	4,414,252	4,632,190	9,046,442
Thereafter	<u>96,744,865</u>	<u>55,613,805</u>	<u>152,358,670</u>
TOTAL	<u>\$ 117,071,574</u>	<u>\$ 80,598,757</u>	<u>\$ 197,670,331</u>

Loan Payable

The outstanding principal balance of the revenue loan payable is \$ 14,048,385 at June 30, 2001.

Pursuant to Chapter 80, Title 29 of the Delaware Code, as amended, the Delaware General Assembly empowered the Secretary of the Department of Natural Resources and Environmental Control (the Department) to establish and administer a permanent and perpetual fund known as the "Delaware Water Pollution Control Revolving Fund" (the Revolving Fund). From the Revolving Fund, the Department, from time to time, makes loans to and acquires obligations of local governments in Delaware to finance the costs of wastewater treatment facilities within the meaning of Section 8003 of the Act.

The County requested loans from the Revolving Fund (the SRF loans) and evidenced its obligation to repay the loans by signing a Finance Agreement and by the delivery of its Series 1994 SRF Subordinate Obligations. The County used the loan proceeds from the SRF loans to finance the portion of the West Rehoboth Phase I and II project costs not paid from other sources.

NOTE H - LONG-TERM OBLIGATIONS - CONTINUED

Loan Payable - Continued

The Department agreed to loan up to \$ 17 million (plus interest during construction) payable over 21 years commencing at the completion of the project, December 1995. Advances were credited to the Series A Obligation of \$ 13 million, bearing interest at 1.5%, and to the Series B Obligation up to the remaining \$ 4 million bearing interest at 1.5%. These amounts were disbursed by the Department upon requisition by the County to reimburse costs of the project previously paid by the County.

Repayment of the SRF loans is to be made out of gross revenues of the West Rehoboth Expansion of the Dewey Beach Sanitary Sewer District but on a subordinate basis as follows:

First 13 years:

- Operations and management expenses
- 1994 Series Bonds (\$ 19 million)
- Rural Development Administration loan
- Other project borrowings
- SRF loans

Last 7 years:

- Equal installments based on the remaining outstanding principal balance plus accrued interest

Assuming gross revenues are available to repay the SRF loan in the first 13 years, the estimated repayments on the SRF loan are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 811,814	\$ 210,726	\$ 1,022,540
2003	823,991	198,548	1,022,539
2004	836,351	186,188	1,022,539
2005	848,897	173,644	1,022,541
2006	861,630	160,910	1,022,540
Thereafter	9,865,702	869,079	10,734,781
TOTAL	\$ 14,048,385	\$ 1,799,095	\$ 15,847,480

Contract Commitments

The County has obligated itself under contracts for various projects. At June 30, 2001, the obligated unpaid amount was approximately \$ 7,541,572. The County's payment of these contracts will be contingent upon the contractors' satisfactory performance.

Lease Commitments

The County leases various equipment under several lease agreements with varying maturities. For presentation purposes, the outstanding lease payments are included in the contractual commitments liability in the general long-term debt account group.

NOTE I - DEFEASANCE OF DEBT

During the year ended June 30, 2001 the County defeased \$ 3,105,000 of the general obligation bonds of 1993 by placing assets in an irrevocable trust with an escrow agent to provide for future debt service payments on the bonds. The liability for those bonds was removed from the general long-term debt group.

In prior years, the County has defeased the general obligation bonds of 1975, 1983, and the 1994 Wastewater Revenue bonds from the enterprise funds by placing the proceeds of the new debt in irrevocable trust funds to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the County's financial statements. At June 30, 2001, the amount of defeased debt outstanding but removed amounted to \$ 25,885,000.

NOTE J - RETAINED EARNINGS

The Long Neck Sewer Fund has a deficit retained earnings balance. The deficit is the result of user charges revenue being insufficient to recover all costs of operations, primarily depreciation expense.

NOTE K - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances as of June 30, 2001 are as follows:

	Due From Other Funds	Due to Other Funds
General fund	\$ 3,705,322	\$ 230,723
Capital projects fund	44,410	-
Enterprise funds:		
Dewey Beach Water	964	108,823
Dewey Beach Sewer	1,036	93,468
Bethany Sewer	2,485	2,398,327
South Bethany Sewer	652	105,350
Fenwick Island Sewer	585	76,338
Blades Sewer	187	25,880
Henlopen Sewer	58	9,958
Long Neck Sewer	940	376,136
Dagsboro-Frankford Sewer	174	94,096
West Rehoboth Sewer	1,611	554,171
Holts Landing Sewer	9	705,671
Ellendale Sewer	-	88,425
Oak Orchard	-	2,031
Bayview Estates	-	127
Treatment Plant - SCRWF	2,117,331	1,006,240
TOTAL	\$ 5,875,764	\$ 5,875,764

NOTE L - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2001 are as follows:

	Operating Transfers In	Operating Transfers Out
General fund	\$ 385,455	\$ 4,692,481
Debt service fund	1,592,481	-
Bethany Sewer	600,000	-
Blades Sewer	250,000	-
Henlopen Sewer	125,000	-
Treatment Plant - SCRWF	125,000	-
West Rehoboth Sewer	2,000,000	-
Pension trust fund	-	385,455
TOTAL	\$ 5,077,936	\$ 5,077,936

NOTE M - RESERVATIONS OF FUND BALANCES

Reservations of fund balances in the general fund and fiduciary fund indicate portions of fund balances that are not available for appropriation or expenditure, or are legally separated for a specific future use. Reservations of fund balances are as follows:

	General Fund	Pension Trust	Capital Projects Fund
Encumbrances	\$ 8,978,202	\$ -	\$ 121,097
Inventories and prepaid expenses	59,503	-	-
Non-current assets	4,421,052	-	-
911 Funds	546,006	-	-
Realty transfer tax	4,699,424	-	-
Employees' pension benefits (A schedule of funding progress is presented on page 32.)	-	18,005,853	-
TOTAL	\$ 18,704,187	\$ 18,005,853	\$ 121,097

NOTE N - CONTRIBUTED CAPITAL

During the year, contributed capital increased (decreased) by the following amounts:

	Enterprise Fund
Intergovernmental - residual equity transfer	\$ 747,315
Current year amortization of contributed capital from capital grants	(1,300,651)
Net Decrease	(553,336)
Contributed capital, July 1, 2000	44,518,169
Contributed capital, June 30, 2001	\$ 43,964,833

NOTE O - POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note E, the County provides post retirement health care benefits to all Sussex County pensioners who receive a County pension immediately after they leave County employment. Currently, 87 retirees meet these eligibility requirements. Expenditures for post retirement health care benefits are recognized as retirees report claims. During the year, expenditures of \$ 310,416 were recognized in the general fund for post retirement health care. Retirees do not make contributions for these benefits.

NOTE P - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; omissions; injuries to employees; and natural disasters for which the County carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

Employee Health Plan

The County is exposed to the risk of loss related to employee medical expenses. During fiscal year 2001, the County maintained a self-insured plan for employee medical expenses in which expenses per employee were covered annually up to \$ 35,000, increasing to \$ 50,000 effective May 1, 2001. Individual excess expenses are covered under a commercial policy. In addition, the County has a maximum aggregate limit of \$ 3,800,000 for the County's portion of medical expense liability, which is covered under a commercial policy. The employee health plan is administered by an outside agency.

Contributions from the County and employee withholdings are deposited into a reserve fund to pay prior - and current-year claims. Estimated risks and losses are based upon historical costs, financial analyses and estimated effects of plan changes. The claims liability reported at June 30, 2001 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. These liabilities include an amount for claims that have been incurred but not reported. Changes in the employee health claims liability amounts in fiscal year 2001 and 2000 were:

	Balance at Beginning of Year	Current-Year Claims and Changes in Estimates	Claims Payments	Balance at End of Year
1999 - 2000	\$ 237,459	\$ 2,180,002	\$ (2,030,276)	\$ 387,175
2000 - 2001	387,175	2,561,815	(2,425,055)	523,935

NOTE Q - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains fifteen Enterprise Funds that provide sewerage and water services. Segment information applicable to these funds as of and for the year ended June 30, 2001 was as follows:

	<u>Dewey Water</u>	<u>Dewey Sewer</u>	<u>Bethany Sewer</u>	<u>South Bethany Sewer</u>
Operating revenues	\$ 786,799	\$ 1,027,354	\$ 1,271,933	\$ 902,261
Depreciation expense	114,637	282,691	308,484	121,761
Operating income (loss)	136,974	62,322	674,546	512,360
Net income (loss)	138,495	13,770	1,522,848	2,313,589
Property, plant, and equipment additions (at cost)	21,259	89,091	5,049,995	1,757,209
Net working capital	644,809	484,545	(2,289,443)	1,649,873
Total assets	3,317,369	6,043,773	23,013,777	6,503,914
Bonds and other long-term debt	1,030,709	1,154,721	10,156,876	369,376
Total equity	1,823,723	3,825,125	7,570,266	5,912,905
Current capital contributions	-	-	302,315	-
Net change in retained earnings	141,467	71,024	1,565,657	2,351,081
	<u>Fenwick Island Sewer</u>	<u>Blades Sewer</u>	<u>Henlopen Sewer</u>	<u>Long Neck Sewer</u>
Operating revenues	\$ 541,972	\$ 170,186	\$ 108,260	\$ 2,818,586
Depreciation expense	195,660	58,758	54,458	1,350,878
Operating income (loss)	137,581	(7,591)	(22,637)	672,914
Net income (loss)	186,645	625,597	85,307	(8,312)
Property, plant, and equipment additions (at cost)	68,276	383,966	19,501	310,241
Net working capital	1,442,523	317,938	61,266	2,410,845
Total assets	7,296,919	2,411,356	1,627,175	24,435,195
Bonds and other long-term debt	1,276,085	162,105	252,435	17,098,945
Total equity	5,735,862	2,175,205	1,338,786	6,017,890
Current capital contributions	-	-	-	-
Net change in retained earnings	272,330	665,949	114,238	397,584

COUNTY OF SUSSEX, DELAWARE
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2001

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NOTE Q - SEGMENT INFORMATION FOR ENTERPRISE FUNDS - CONTINUED

	<u>Dagsboro- Frankford Sewer</u>	<u>West Rehoboth Sewer</u>	<u>Holts Landing</u>	<u>Ellendale Sewer</u>
Operating revenues	\$ 412,903	\$ 7,732,812	\$ 87,116	\$ -
Depreciation expense	341,333	1,744,599	17,457	-
Operating income (loss)	(63,254)	4,431,331	58,137	-
Net income (loss)	(69,830)	7,221,571	50,179	-
Property, plant, and equipment additions (at cost)	10,988	2,219,646	487,127	290,346
Net working capital	1,062,463	12,655,073	(647,764)	(116,500)
Total assets	8,912,750	97,705,347	1,576,216	617,925
Bonds and other long-term debt	1,260,005	79,079,274	733,512	58,859
Total equity	7,514,911	15,439,678	100,179	425,000
Current capital contributions	-	10,000	-	150,000
Net change in retained earnings	244,135	7,221,571	50,179	-
	<u>Oak Orchard</u>	<u>Bayview Estates</u>	<u>Treatment Plant - SCRWF</u>	<u>Total</u>
Operating revenues	\$ -	\$ -	\$ 4,294,605	\$ 20,154,787
Depreciation expense	-	-	853,966	5,444,682
Operating income (loss)	-	-	1,758,901	8,351,584
Net income (loss)	-	-	1,416,749	13,496,608
Property, plant, and equipment additions (at cost)	131,972	39,815	2,168,198	13,047,630
Net working capital	(42,058)	(7,275)	1,632,802	19,259,097
Total assets	160,761	42,411	26,726,265	210,391,153
Bonds and other long-term debt	-	-	9,561,196	122,194,098
Total equity	100,000	35,000	14,305,809	72,320,339
Current capital contributions	100,000	35,000	150,000	747,315
Net change in retained earnings	-	-	1,702,044	14,797,259

NOTE R - LANDFILL POSTCLOSURE CARE COST

State and federal laws and regulations required the County to place a final cover on its six landfill sites when it stopped accepting waste and to perform certain maintenance and monitoring functions at these sites for 30 years after their closure.

The landfill postclosure care liability of \$ 2,371,000 at June 30, 2001 represented the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the landfill. This amount is based on what it would cost to perform all postclosure care in 2001. Actual cost may be higher because of inflation, changes in technology, or changes in regulations.

NOTE S - RENT REVENUES

The County has entered into several long-term operating leases with local businesses to rent property, mainly located in the County's Industrial Park and Airport. These leases range in terms of one year to forty-five years and several of them are noncancellable. The minimum future rental revenue under leases as of June 30, 2001 for each of the next five years and in the aggregate are:

<u>Year ending June 30,</u>	<u>Amount</u>
2002	\$ 159,366
2003	151,501
2004	144,151
2005	144,111
2006	123,175
Thereafter	<u>1,038,681</u>
TOTAL	<u>\$ 1,760,985</u>

NOTE T - MORTGAGE RECEIVABLE

The mortgage receivable from the Patrick Family Foundation, Inc at June 30, 2001 of \$ 400,000; bears interest of 3%, payable semi-annually; and is due on September 29, 2005. The proceeds were used to finance a portion of the costs of a new airplane hangar and the acquisition of related equipment at the County's airport.

NOTE U - CONTINGENCIES

The County is currently involved in a number of lawsuits involving construction projects, zoning ordinances, and other civil lawsuits. The amount of any contingent liability related to these suits either cannot be estimated or the outcome is uncertain.

The County has authorized the issuance of revenue bonds to provide funds for various commercial, industrial and agricultural development projects. In the opinion of bond counsel, the bonds are not subject to the debt limit imposed on the County by the Delaware Code, and are payable solely from payments made by the borrowing entities. Accordingly, these bonds are not reflected in the accompanying financial statements.

NOTE V - SUBSEQUENT EVENTS

Bond Proceeds

Subsequent to June 30, 2001, the County received additional State Revolving Fund loans, totaling \$ 6,963,028 to be used for various sewer construction and improvement projects.

Major Capital Contracts

The County has approved the award of contracts totaling \$ 7,050,393 for the Cedar Neck sewer project, the SCRWF expansion sewer project, the Ellendale sewer project and the airport terminal building, subsequent to year end.

Oak Orchard Bonds Authorized

The Delaware Department of National Resources and Environmental Control (DNREC) has approved Series 2001 general obligation bonds of \$ 1,500,000 from the State Revolving Funds (SRF) to finance construction of the Oak Orchard Sanitary Sewer District. No funds were received through December 19, 2001. The bonds are subject to 2% interest and the final payment will be due no later than December 31, 2024.

Current Refinancing

Series 2001 general obligation bonds of \$ 10,025,000 dated December 1, 2001 were issued subsequent to year end. The proceeds of the sale of the bonds, together with other County funds, after payment of the costs of issuance, will be used to currently refund certain maturities of the 1993 general obligation refunding bonds maturing October 15, 2002 to October 15, 2005.

NOTE W - RECENT GASB PRONOUNCEMENTS

A recently issued accounting standard that has not been implemented by the County is as follows:

Governmental Accounting Standard Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, establishes new financial reporting requirements for all state and local governments. When implemented, it will create new information and will restructure much of the information that governments have presented in the past. The County plans to implement the new reporting standard on July 1, 2002.

NOTE X - PRIOR PERIOD ADJUSTMENTS

During fiscal year 2001, the County implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, which primarily affected the accounting treatment for the receipt and disbursement of certain grant funds and contributed capital. The effect of this change was to: (a) decrease the general fund's excess of revenues and other financing sources over expenditures and other financing uses for the year ended June 30, 2001 by \$ 100,029 and (b) increase the enterprise fund's net income for the year ended June 30, 2001 by \$ 6,590,841. A prior period adjustment to increase the fund balance of the general fund at the beginning of fiscal year 2001 by \$ 156,105 was recorded. Prior year memorandum totals were retroactively restated for the effects of GASB 33.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2001

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Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Actuarial Accrued Liability as a % of Covered Payroll
01/01/96	\$ 7,808,035	\$ 13,160,423	\$ 5,352,388	59.3%	\$ 7,866,069	68.0%
01/01/97	9,566,623	12,500,160	2,933,537	76.5	8,381,077	35.0
01/01/98	11,758,827	13,951,745	2,192,918	84.3	8,738,885	25.1
01/01/99	13,236,957	15,196,127	1,959,170	87.1	9,208,608	21.3
01/01/00	16,865,340	17,389,368	524,028	97.0	10,139,573	5.2
01/01/01	19,162,538	19,036,513	(126,025)	100.7	10,835,061	(1.2)

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2001

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<u>Year Ended June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
1996	\$ 1,120,413	104.9%
1997	1,088,955	106.3
1998	790,505	113.4
1999	768,720	114.1
2000	803,193	242.3
2001	752,825	191.4

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COMBINING FINANCIAL STATEMENTS

COUNTY OF SUSSEX, DELAWARE
COMBINING BALANCE SHEET - ALL ENTERPRISE FUNDS
JUNE 30, 2001

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	Dewey Water	Dewey Sewer	Bethany Sewer	South Bethany Sewer
ASSETS				
Cash and temporary investments:				
Operating	\$ 1,032,950	\$ 1,318,597	\$ 2,850,363	\$ 1,854,612
Restricted	-	-	77,021	-
Investments - restricted	-	-	-	-
Receivables (net of allowances):				
Miscellaneous	16,381	33,180	18,139	3,948
Service charges	41,087	56,041	7,602	8,617
Assessment, impact, connection, and expansion	2,825	1,214	37,434	911
Accrued interest	1,250	1,571	4,148	2,766
Due from other funds	964	1,036	2,485	652
Due from other governmental agencies	-	136,833	-	-
Inventory	12,289	-	-	-
TOTAL CURRENT ASSETS	1,107,746	1,548,472	2,997,192	1,871,506
Property, plant and equipment	4,090,294	7,902,135	15,887,562	7,552,581
Accumulated depreciation	(1,937,703)	(3,488,339)	(4,150,299)	(2,948,311)
Construction in progress	-	-	8,079,184	-
Non-current accounts receivable	30,783	53,566	22,684	19,046
Bond issue costs (net of amortization)	13,155	13,998	89,284	4,557
Unamortized bond discount	13,094	13,941	88,170	4,535
TOTAL ASSETS	\$ 3,317,369	\$ 6,043,773	\$ 23,013,777	\$ 6,503,914
LIABILITIES				
Accounts payable	\$ 75,985	\$ 17,513	\$ 2,144,056	\$ 2,920
Note payable - bank	-	778,150	57,510	-
Current portion of bonds and loans payable	241,491	141,211	516,476	72,517
Accrued wages, vacation and sick pay	21,186	12,198	34,668	35,952
Accrued interest payable	14,077	15,042	123,446	4,894
Bond anticipation notes	-	-	-	-
Due to other funds	108,823	93,468	2,398,327	105,350
Deposits	1,375	6,345	12,152	-
TOTAL CURRENT LIABILITIES	462,937	1,063,927	5,286,635	221,633
Unamortized bond premium	-	-	-	-
Bonds payable	1,030,709	1,154,721	10,156,876	369,376
Loan payable	-	-	-	-
TOTAL LIABILITIES	1,493,646	2,218,648	15,443,511	591,009
FUND EQUITY				
Contributed capital	500,254	1,801,582	4,556,063	2,201,156
Retained earnings (deficit)	1,323,469	2,023,543	3,014,203	3,711,749
TOTAL FUND EQUITY	1,823,723	3,825,125	7,570,266	5,912,905
TOTAL LIABILITIES AND FUND EQUITY	\$ 3,317,369	\$ 6,043,773	\$ 23,013,777	\$ 6,503,914

COUNTY OF SUSSEX, DELAWARE
COMBINING BALANCE SHEET - ALL ENTERPRISE FUNDS - CONTINUED
JUNE 30, 2001

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	Fenwick Island Sewer	Blades Sewer	Henlopen Sewer	Long Neck Sewer
ASSETS				
Cash and temporary investments:				
Operating	\$ 1,701,971	\$ 363,932	\$ 81,267	\$ 3,682,028
Restricted	-	-	-	-
Investments - restricted	-	-	-	-
Receivables (net of allowances):				
Miscellaneous	12,402	711	-	12,306
Service charges	7,602	24,071	1,529	9,965
Assessment, impact, connection, and expansion	2,503	2,916	-	19,264
Accrued interest	2,432	167	53	4,702
Due from other funds	585	187	58	940
Due from other governmental agencies	-	-	14,313	-
Inventory	-	-	-	-
TOTAL CURRENT ASSETS	1,727,495	391,984	97,220	3,729,205
Property, plant and equipment	8,873,017	2,894,114	2,204,412	31,966,699
Accumulated depreciation	(3,341,726)	(950,628)	(681,920)	(11,730,961)
Construction in progress	-	-	-	-
Non-current accounts receivable	19,794	71,963	1,532	60,054
Bond issue costs (net of amortization)	9,190	1,966	2,972	205,352
Unamortized bond discount	9,149	1,957	2,959	204,846
TOTAL ASSETS	\$ 7,296,919	\$ 2,411,356	\$ 1,627,175	\$ 24,435,195
LIABILITIES				
Accounts payable	\$ 6,268	\$ 15,309	\$ 2,055	\$ 28,023
Note payable - bank	-	-	-	-
Current portion of bonds and loans payable	162,242	20,002	17,472	599,538
Accrued wages, vacation and sick pay	23,112	7,704	3,210	91,806
Accrued interest payable	17,012	2,157	3,259	222,857
Bond anticipation notes	-	-	-	-
Due to other funds	76,338	25,880	9,958	376,136
Deposits	-	2,994	-	-
TOTAL CURRENT LIABILITIES	284,972	74,046	35,954	1,318,360
Unamortized bond premium	-	-	-	-
Bonds payable	1,276,085	162,105	252,435	17,098,945
Loan payable	-	-	-	-
TOTAL LIABILITIES	1,561,057	236,151	288,389	18,417,305
FUND EQUITY				
Contributed capital	3,629,998	1,256,047	1,013,234	6,845,803
Retained earnings (deficit)	2,105,864	919,158	325,552	(827,913)
TOTAL FUND EQUITY	5,735,862	2,175,205	1,338,786	6,017,890
TOTAL LIABILITIES AND FUND EQUITY	\$ 7,296,919	\$ 2,411,356	\$ 1,627,175	\$ 24,435,195

COUNTY OF SUSSEX, DELAWARE
COMBINING BALANCE SHEET - ALL ENTERPRISE FUNDS - CONTINUED
JUNE 30, 2001

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	Dagsboro- Frankford Sewer	West Rehoboth Sewer	Holts Landing Sewer	Ellendale Sewer
ASSETS				
Cash and temporary investments:				
Operating	\$ 1,151,632	\$ 2,432,412	\$ 88,895	\$ -
Restricted	-	10,012,415	2,793	17,566
Investments - restricted	-	1,757,055	-	-
Receivables (net of allowances):				
Miscellaneous	8,119	1,281,630	-	-
Service charges	25,032	99,103	2,296	-
Assessment, impact, connection, and expansion	14,087	253,756	760	-
Accrued interest	1,253	3,486	8	-
Due from other funds	174	1,611	9	-
Due from other governmental agencies	-	-	-	-
Inventory	-	-	-	-
TOTAL CURRENT ASSETS	1,200,297	15,841,468	94,761	17,566
Property, plant and equipment	10,419,486	88,108,817	1,496,277	181
Accumulated depreciation	(2,778,629)	(7,573,683)	(17,457)	-
Construction in progress	-	2,728	-	594,769
Non-current accounts receivable	64,030	656,737	-	-
Bond issue costs (net of amortization)	-	669,280	2,635	5,409
Unamortized bond discount	7,566	-	-	-
TOTAL ASSETS	\$ 8,912,750	\$ 97,705,347	\$ 1,576,216	\$ 617,925
LIABILITIES				
Accounts payable	\$ 9,526	\$ 170,339	\$ 29,438	\$ 45,060
Note payable - bank	-	-	-	-
Current portion of bonds and loans payable	15,998	2,157,378	-	-
Accrued wages, vacation and sick pay	16,692	181,043	-	-
Accrued interest payable	1,522	123,464	7,416	581
Bond anticipation notes	-	-	-	-
Due to other funds	94,096	554,171	705,671	88,425
Deposits	-	-	-	-
TOTAL CURRENT LIABILITIES	137,834	3,186,395	742,525	134,066
Unamortized bond premium	-	-	-	-
Bonds payable	1,260,005	65,842,703	733,512	58,859
Loan payable	-	13,236,571	-	-
TOTAL LIABILITIES	1,397,839	82,265,669	1,476,037	192,925
FUND EQUITY				
Contributed capital	7,113,171	5,282,836	50,000	425,000
Retained earnings (deficit)	401,740	10,156,842	50,179	-
TOTAL FUND EQUITY	7,514,911	15,439,678	100,179	425,000
TOTAL LIABILITIES AND FUND EQUITY	\$ 8,912,750	\$ 97,705,347	\$ 1,576,216	\$ 617,925

COUNTY OF SUSSEX, DELAWARE
COMBINING BALANCE SHEET - ALL ENTERPRISE FUNDS - CONTINUED
JUNE 30, 2001

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	Oak Orchard Sewer	Bayview Estates Sewer	Treatment Plant - SCRWF
ASSETS			
Cash and temporary investments:			
Operating	\$ -	\$ -	\$ 2,236,314
Restricted	18,703	136	-
Investments - restricted	-	-	-
Receivables (net of allowances):			
Miscellaneous	-	-	34,162
Service charges	-	-	97,377
Assessment, impact, connection, and expansion	-	-	-
Accrued interest	-	-	2,794
Due from other funds	-	-	2,117,331
Due from other governmental agencies	-	-	-
Inventory	-	-	4,084
TOTAL CURRENT ASSETS	18,703	136	4,492,062
Property, plant and equipment	-	-	34,142,109
Accumulated depreciation	-	-	(12,438,231)
Construction in progress	140,773	42,275	169,961
Non-current accounts receivable	-	-	153,501
Bond issue costs (net of amortization)	1,285	-	105,939
Unamortized bond discount	-	-	100,924
TOTAL ASSETS	\$ 160,761	\$ 42,411	\$ 26,726,265
LIABILITIES			
Accounts payable	\$ 58,730	\$ 3,284	\$ 249,957
Note payable - bank	-	4,000	750,289
Current portion of bonds and loans payable	-	-	509,801
Accrued wages, vacation and sick pay	-	-	224,192
Accrued interest payable	-	-	118,781
Bond anticipation notes	-	-	-
Due to other funds	2,031	127	1,006,240
Deposits	-	-	-
TOTAL CURRENT LIABILITIES	60,761	7,411	2,859,260
Unamortized bond premium	-	-	-
Bonds payable	-	-	9,561,196
Loan payable	-	-	-
TOTAL LIABILITIES	60,761	7,411	12,420,456
FUND EQUITY			
Contributed capital	100,000	35,000	9,154,689
Retained earnings (deficit)	-	-	5,151,120
TOTAL FUND EQUITY	100,000	35,000	14,305,809
TOTAL LIABILITIES AND FUND EQUITY	\$ 160,761	\$ 42,411	\$ 26,726,265

COUNTY OF SUSSEX, DELAWARE
COMBINING BALANCE SHEET - ALL ENTERPRISE FUNDS - CONTINUED
JUNE 30, 2001

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	Totals	
	2001	2000
ASSETS		
Cash and temporary investments:		
Operating	\$ 18,794,973	\$ 13,066,265
Restricted	10,128,634	13,809,298
Investments - restricted	1,757,055	1,701,500
Receivables (net of allowances):		
Miscellaneous	1,420,978	222,373
Service charges	380,322	434,459
Assessment, impact, connection, and expansion	335,670	328,074
Accrued interest	24,630	451,067
Due from other funds	2,126,032	2,592,014
Due from other governmental agencies	151,146	180,133
Inventory	16,373	16,656
TOTAL CURRENT ASSETS	35,135,813	32,801,839
Property, plant and equipment	215,537,684	204,956,900
Accumulated depreciation	(52,037,887)	(46,593,208)
Construction in progress	9,029,690	6,562,844
Non-current accounts receivable	1,153,690	931,377
Bond issue costs (net of amortization)	1,125,022	1,214,115
Unamortized bond discount	447,141	481,727
TOTAL ASSETS	\$ 210,391,153	\$ 200,355,594
LIABILITIES		
Accounts payable	\$ 2,858,463	\$ 2,714,257
Note payable - bank	1,589,949	3,828,482
Current portion of bonds and loans payable	4,454,126	3,696,666
Accrued wages, vacation and sick pay	651,763	589,517
Accrued interest payable	654,508	867,830
Bond anticipation notes	-	16,900,000
Due to other funds	5,645,041	2,689,755
Deposits	22,866	15,152
TOTAL CURRENT LIABILITIES	15,876,716	31,301,659
Unamortized bond premium	-	45,376
Bonds payable	108,957,527	96,855,484
Loan payable	13,236,571	14,076,659
TOTAL LIABILITIES	138,070,814	142,279,178
FUND EQUITY		
Contributed capital	43,964,833	44,518,169
Retained earnings (deficit)	28,355,506	13,558,247
TOTAL FUND EQUITY	72,320,339	58,076,416
TOTAL LIABILITIES AND FUND EQUITY	\$ 210,391,153	\$ 200,355,594

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -

ALL ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2001

	Dewey Water	Dewey Sewer	Bethany Sewer	South Bethany Sewer
OPERATING REVENUES				
Assessment and connection fees	\$ 269,130	\$ 157,618	\$ 997,310	\$ 382,894
Permit fees, plumbers' licenses and review fees	5,550	3,750	56,877	254,508
Service charges	512,119	865,986	217,746	264,859
TOTAL OPERATING REVENUES	786,799	1,027,354	1,271,933	902,261
OPERATING EXPENSES				
Amortization	5,431	3,510	10,467	1,733
Computer billing	1,456	1,470	-	-
Depreciation	114,637	282,691	308,484	121,761
Employee benefits	23,625	17,211	31,183	28,229
Equipment and tools	846	863	-	-
Equipment rental and leases	4,098	4,178	-	-
Insurance	4,111	4,002	6,135	5,048
Maintenance and repairs	19,657	9,221	21,874	8,471
Miscellaneous	1,800	1,824	-	181
Payroll taxes	5,183	3,196	8,982	9,065
Process chemicals	-	-	-	521
Professional services	427	65	496	663
Salaries	63,779	36,984	119,442	123,194
Shared costs:				
Administrative	18,264	21,798	19,202	17,001
Operating	42,845	51,645	61,306	61,974
Supplies	12,411	12,069	37	16
Training	921	939	-	-
Transportation expense	13,893	14,162	2	-
Utilities	316,441	19,408	9,777	12,044
Wastewater treatment	-	479,796	-	-
TOTAL OPERATING EXPENSES	649,825	965,032	597,387	389,901
OPERATING INCOME (LOSS)	136,974	62,322	674,546	512,360
NON-OPERATING REVENUES (EXPENSES)				
Grant	-	-	195,000	-
Interest income	60,055	81,543	153,680	84,048
Disposition of assets	-	-	-	-
Capital contributions	4,035	4,036	453,453	1,751,746
Capitalization fees	-	-	-	-
Miscellaneous	31,544	5,494	7,801	(1,613)
Interest expense	(94,113)	(139,625)	(561,632)	(32,952)
TOTAL NON-OPERATING REVENUES (EXPENSES)	1,521	(48,552)	248,302	1,801,229
INCOME (LOSS) BEFORE OPERATING TRANSFER	138,495	13,770	922,848	2,313,589
OPERATING TRANSFER IN	-	-	600,000	-
NET INCOME (LOSS)	138,495	13,770	1,522,848	2,313,589
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY CAPITAL GRANTS THAT REDUCES CONTRIBUTED CAPITAL FROM CAPITAL GRANTS	2,972	57,254	42,809	37,492
NET CHANGE IN RETAINED EARNINGS	141,467	71,024	1,565,657	2,351,081
RETAINED EARNINGS (DEFICIT) - BEGINNING	1,182,002	1,952,519	1,448,546	1,360,668
RETAINED EARNINGS (DEFICIT) - ENDING	\$ 1,323,469	\$ 2,023,543	\$ 3,014,203	\$ 3,711,749

COUNTY OF SUSSEX, DELAWARE
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -
 ALL ENTERPRISE FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2001

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	Fenwick Island Sewer	Blades Sewer	Henlopen Sewer	Long Neck Sewer
OPERATING REVENUES				
Assessment and connection fees	\$ 285,986	\$ 51,936	\$ 32,192	\$ 2,043,230
Permit fees, plumbers' licenses and review fees	86,562	1,050	850	136,704
Service charges	169,424	117,200	75,218	638,652
TOTAL OPERATING REVENUES	541,972	170,186	108,260	2,818,586
OPERATING EXPENSES				
Amortization	5,580	500	501	21,741
Computer billing	-	212	85	2,138
Depreciation	195,660	58,758	54,458	1,350,878
Employee benefits	21,925	6,497	3,829	92,557
Equipment and tools	-	125	50	1,255
Equipment rental and leases	-	603	241	6,077
Insurance	4,837	1,084	735	26,214
Maintenance and repairs	7,641	435	556	28,230
Miscellaneous	2,800	263	105	12,590
Payroll taxes	6,148	1,821	814	22,825
Process chemicals	1,144	-	-	3,182
Professional services	513	140	16	3,006
Salaries	78,029	24,105	8,513	304,984
Shared costs:				
Administrative	16,677	2,152	2,660	37,622
Operating	52,676	6,877	5,511	82,322
Supplies	21	1,745	4,243	30,311
Training	-	135	54	1,394
Transportation expense	-	2,097	816	21,246
Utilities	10,740	4,557	3,125	97,100
Wastewater treatment	-	65,671	44,585	-
TOTAL OPERATING EXPENSES	404,391	177,777	130,897	2,145,672
OPERATING INCOME (LOSS)	137,581	(7,591)	(22,637)	672,914
NON-OPERATING REVENUES (EXPENSES)				
Grant	-	-	-	71,333
Interest income	82,711	17,394	3,511	180,308
Disposition of assets	9,540	-	-	-
Capital contributions	67,820	379,811	-	243,940
Capitalization fees	-	-	-	-
Miscellaneous	2,065	315	-	4,892
Interest expense	(113,072)	(14,332)	(20,567)	(1,181,699)
TOTAL NON-OPERATING REVENUES (EXPENSES)	49,064	383,188	(17,056)	(681,226)
INCOME (LOSS) BEFORE OPERATING TRANSFER	186,645	375,597	(39,693)	(8,312)
OPERATING TRANSFER IN	-	250,000	125,000	-
NET INCOME (LOSS)	186,645	625,597	85,307	(8,312)
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY CAPITAL GRANTS THAT REDUCES CONTRIBUTED CAPITAL FROM CAPITAL GRANTS	85,685	40,352	28,931	405,896
NET CHANGE IN RETAINED EARNINGS	272,330	665,949	114,238	397,584
RETAINED EARNINGS (DEFICIT) - BEGINNING	1,833,534	253,209	211,314	(1,225,497)
RETAINED EARNINGS (DEFICIT) - ENDING	\$ 2,105,864	\$ 919,158	\$ 325,552	\$ (827,913)

COUNTY OF SUSSEX, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -
ALL ENTERPRISE FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2001

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	Dagsboro- Frankford Sewer	West Rehoboth Sewer	Holts Landing Sewer	Ellendale Sewer
OPERATING REVENUES				
Assessment and connection fees	\$ 171,548	\$ 5,042,034	\$ 65,929	\$ -
Permit fees, plumbers' licenses and review fees	1,645	322,194	500	-
Service charges	239,710	2,368,584	20,687	-
TOTAL OPERATING REVENUES	412,903	7,732,812	87,116	-
OPERATING EXPENSES				
Amortization	244	21,658	79	-
Computer billing	302	4,238	-	-
Depreciation	341,333	1,744,599	17,457	-
Employee benefits	14,608	140,450	1,975	-
Equipment and tools	177	6,898	-	-
Equipment rental and leases	858	13,479	-	-
Insurance	4,551	31,518	242	-
Maintenance and repairs	6,448	62,161	-	-
Miscellaneous	4,685	78,953	395	-
Payroll taxes	4,018	42,486	619	-
Process chemicals	1,792	13,937	-	-
Professional services	248	76,616	-	-
Salaries	49,867	600,729	8,092	-
Shared costs:				
Administrative	2,999	49,702	-	-
Operating	3,870	140,830	-	-
Supplies	4,078	34,466	-	-
Training	192	2,647	-	-
Transportation expense	5,285	40,393	23	-
Utilities	30,602	195,721	97	-
Wastewater treatment	-	-	-	-
TOTAL OPERATING EXPENSES	476,157	3,301,481	28,979	-
OPERATING INCOME (LOSS)	(63,254)	4,431,331	58,137	-
NON-OPERATING REVENUES (EXPENSES)				
Grant	-	1,237,618	-	-
Interest income	62,912	581,813	1,080	-
Disposition of assets	-	-	-	-
Capital contributions	-	1,909,897	-	-
Capitalization fees	-	343,485	-	-
Miscellaneous	1,195	6,669	1	-
Interest expense	(70,683)	(3,289,242)	(9,039)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(6,576)	790,240	(7,958)	-
INCOME (LOSS) BEFORE OPERATING TRANSFER	(69,830)	5,221,571	50,179	-
OPERATING TRANSFER IN	-	2,000,000	-	-
NET INCOME (LOSS)	(69,830)	7,221,571	50,179	-
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY CAPITAL GRANTS THAT REDUCES CONTRIBUTED CAPITAL FROM CAPITAL GRANTS	313,965	-	-	-
NET CHANGE IN RETAINED EARNINGS	244,135	7,221,571	50,179	-
RETAINED EARNINGS (DEFICIT) - BEGINNING	157,605	2,935,271	-	-
RETAINED EARNINGS (DEFICIT) - ENDING	\$ 401,740	\$ 10,156,842	\$ 50,179	\$ -

COUNTY OF SUSSEX, DELAWARE

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COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -
 ALL ENTERPRISE FUNDS - CONTINUED
 FOR THE YEAR ENDED JUNE 30, 2001

	Oak Orchard Sewer	Bayview Estates Sewer	Treatment Plant - SCRWF
OPERATING REVENUES			
Assessment and connection fees	\$ -	\$ -	\$ 1,691,322
Permit fees, plumbers' licenses and review fees	-	-	222,214
Service charges	-	-	2,381,069
TOTAL OPERATING REVENUES	-	-	4,294,605
OPERATING EXPENSES			
Amortization	-	-	15,303
Computer billing	-	-	7,230
Depreciation	-	-	853,966
Employee benefits	-	-	176,017
Equipment and tools	-	-	3,481
Equipment rental and leases	-	-	16,855
Insurance	-	-	88,229
Maintenance and repairs	-	-	110,744
Miscellaneous	-	-	37,604
Payroll taxes	-	-	50,630
Process chemicals	-	-	29,462
Professional services	-	-	1,049
Salaries	-	-	677,568
Shared costs:			
Administrative	-	-	65,738
Operating	-	-	-
Supplies	-	-	50,413
Training	-	-	3,790
Transportation expense	-	-	61,007
Utilities	-	-	286,618
Wastewater treatment	-	-	-
TOTAL OPERATING EXPENSES	-	-	2,535,704
OPERATING INCOME (LOSS)	-	-	1,758,901
NON-OPERATING REVENUES (EXPENSES)			
Grant	-	-	-
Interest income	-	-	185,614
Disposition of assets	-	-	450
Capital contributions	-	-	-
Capitalization fees	-	-	-
Miscellaneous	-	-	7,293
Interest expense	-	-	(660,509)
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	-	(467,152)
INCOME (LOSS) BEFORE OPERATING TRANSFER	-	-	1,291,749
OPERATING TRANSFER IN	-	-	125,000
NET INCOME (LOSS)	-	-	1,416,749
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY CAPITAL GRANTS THAT REDUCES CONTRIBUTED CAPITAL FROM CAPITAL GRANTS	-	-	285,295
NET CHANGE IN RETAINED EARNINGS	-	-	1,702,044
RETAINED EARNINGS (DEFICIT) - BEGINNING	-	-	3,449,076
RETAINED EARNINGS (DEFICIT) - ENDING	\$ -	\$ -	\$ 5,151,120

COUNTY OF SUSSEX, DELAWARE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS -
ALL ENTERPRISE FUNDS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2001

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	Totals	
	2001	2000
OPERATING REVENUES		
Assessment and connection fees	\$ 11,191,129	\$ 9,422,948
Permit fees, plumbers' licenses and review fees	1,092,404	837,023
Service charges	7,871,254	7,324,326
TOTAL OPERATING REVENUES	20,154,787	17,584,297
OPERATING EXPENSES		
Amortization	86,747	50,794
Computer billing	17,131	25,550
Depreciation	5,444,682	4,788,039
Employee benefits	558,106	368,865
Equipment and tools	13,695	46,856
Equipment rental and leases	46,389	39,344
Insurance	176,706	147,221
Maintenance and repairs	275,438	148,922
Miscellaneous	141,200	90,636
Payroll taxes	155,787	142,918
Process chemicals	50,038	48,746
Professional services	83,239	87,759
Salaries	2,095,286	1,902,303
Shared costs:		
Administrative	253,815	257,336
Operating	509,856	418,412
Supplies	149,810	105,957
Training	10,072	24,593
Transportation expense	158,924	161,972
Utilities	986,230	911,308
Wastewater treatment	590,052	666,450
TOTAL OPERATING EXPENSES	11,803,203	10,433,981
OPERATING INCOME (LOSS)	8,351,584	7,150,316
NON-OPERATING REVENUES (EXPENSES)		
Grant	1,503,951	20,903
Interest income	1,494,669	1,644,063
Disposition of assets	9,990	(102,775)
Capital contributions	4,814,738	-
Capitalization fees	343,485	-
Miscellaneous	65,656	77,565
Interest expense	(6,187,465)	(5,985,029)
TOTAL NON-OPERATING REVENUES (EXPENSES)	2,045,024	(4,345,273)
INCOME (LOSS) BEFORE OPERATING TRANSFER	10,396,608	2,805,043
OPERATING TRANSFER IN	3,100,000	275,000
NET INCOME (LOSS)	13,496,608	3,080,043
ADD DEPRECIATION ON FIXED ASSETS ACQUIRED BY CAPITAL GRANTS THAT REDUCES CONTRIBUTED CAPITAL FROM CAPITAL GRANTS	1,300,651	1,292,539
NET CHANGE IN RETAINED EARNINGS	14,797,259	4,372,582
RETAINED EARNINGS (DEFICIT) - BEGINNING	13,558,247	9,185,665
RETAINED EARNINGS (DEFICIT) - ENDING	\$ 28,355,506	\$ 13,558,247

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ADDITIONAL INFORMATION

COUNTY OF SUSSEX, DELAWARE
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2001

- 46 -

	Budget	Actual	Variance - Favorable (Unfavorable)
TAXES			
Real property - County	\$ 6,696,963	\$ 6,826,504	\$ 129,541
Real property - library	784,362	800,117	15,755
Realty transfer	6,600,000	9,236,099	2,636,099
Capitation	170,000	182,600	12,600
Mobile home placement	315,550	309,099	(6,451)
Penalties and interest	100,000	110,415	10,415
TOTAL TAXES	14,666,875	17,464,834	2,797,959
INTERGOVERNMENTAL REVENUES			
Federal grants			
Emergency Preparedness	54,417	54,417	-
Justice grant	-	704	704
Airport grant and loan	832,000	-	(832,000)
Historical planner grant	15,000	29,297	14,297
Housing and Urban Development	2,797,070	833,921	(1,963,149)
Home 2000	-	294,000	294,000
Project income	-	18,612	18,612
Federal payments in lieu of taxes	7,500	7,938	438
State grants			
Airport grant	46,222	15,900	(30,322)
Library grant	105,525	170,038	64,513
Paramedic	3,243,462	2,961,694	(281,768)
Local emergency plan commission grant	50,348	48,829	(1,519)
EMS Tech fund	188,597	-	(188,597)
School rebate	75,000	-	(75,000)
Gumboro community center	-	44,120	44,120
Department of Health - rodents grant	10,000	10,000	-
Manufactured home development	-	8,000	8,000
TOTAL INTERGOVERNMENTAL REVENUES	7,425,141	4,497,470	(2,927,671)
CHARGES FOR SERVICES			
Constitutional Office Fees			
Clerk of the Peace	31,000	33,244	2,244
Prothonotary	20,000	35,457	15,457
Recorder of Deeds	1,731,000	2,535,206	804,206
Register of Chancery	35,000	50,987	15,987
Register of Wills	625,000	622,474	(2,526)
Sheriff	348,796	334,391	(14,405)
Total Constitutional Office Fees	2,790,796	3,611,759	820,963
General Government Fees			
Building permit and zoning fees	1,085,500	1,274,155	188,655
Fire service fee	875,000	921,848	46,848
Industrial bonds fees	50,000	51,500	1,500
Building inspections	927,676	960,666	32,990
Security identification cards	2,000	1,215	(785)
911 reporting	525,000	568,427	43,427
Total General Government Fees	3,465,176	3,777,811	312,635

COUNTY OF SUSSEX, DELAWARE
GENERAL FUND REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL (NON-GAAP) - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2001

- 47 -

	Budget	Actual	Variance - Favorable (Unfavorable)
CHARGES FOR SERVICES - CONTINUED			
General Government Services			
Airport operations	\$ 102,519	\$ 104,183	\$ 1,664
Data processing	30,000	36,270	6,270
Private road inspections and design fees	123,000	507,618	384,618
Industrial park water and sewer	25,000	33,177	8,177
Sewer and water inspections	1,000	8,200	7,200
900 Line - Assessment Department	10,000	18,550	8,550
Total General Government Services	<u>291,519</u>	<u>707,998</u>	<u>416,479</u>
Other Charges			
Miscellaneous	15,000	43,180	28,180
TOTAL CHARGES FOR SERVICES	<u>6,562,491</u>	<u>8,140,748</u>	<u>1,578,257</u>
FINES AND FORFEITS			
Library fines	10,000	14,902	4,902
Zoning violations	2,000	2,044	44
TOTAL FINES AND FORFEITS	<u>12,000</u>	<u>16,946</u>	<u>4,946</u>
MISCELLANEOUS			
Interest earnings	1,000,000	2,117,774	1,117,774
Rents			
Industrial park	25,000	33,054	8,054
County office building	105,276	100,454	(4,822)
Other	5,000	5,219	219
Sale of assets	-	422	422
Library donations	-	8,938	8,938
Paramedic program donations	-	365	365
TOTAL MISCELLANEOUS	<u>1,135,276</u>	<u>2,266,226</u>	<u>1,130,950</u>
TOTAL REVENUES	<u>29,801,783</u>	<u>32,386,224</u>	<u>2,584,441</u>
OTHER FINANCING SOURCES			
Reimbursement from water and sewer funds for services	552,845	601,103	48,258
Operating transfer in	400,000	385,455	(14,545)
Prior year surplus	3,154,000	-	(3,154,000)
TOTAL OTHER FINANCING SOURCES	<u>4,106,845</u>	<u>986,558</u>	<u>(3,120,287)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 33,908,628</u>	<u>\$ 33,372,782</u>	<u>\$ (535,846)</u>

COUNTY OF SUSSEX, DELAWARE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2001

- 48 -

	Budget	Actual	Variance - Favorable (Unfavorable)
GENERAL ADMINISTRATION			
County Council			
Personal services	\$ 130,992	\$ 131,013	\$ (21)
Employee benefits	60,008	61,399	(1,391)
Contractual services	66,575	45,825	20,750
Supplies	18,000	13,382	4,618
Capital outlay	45,500	42,403	3,097
Other expenditures	2,000	1,689	311
Travel and training	17,000	14,423	2,577
Total County Council	340,075	310,134	29,941
County Administration			
Personal services	127,292	127,327	(35)
Employee benefits	32,756	27,683	5,073
Contractual services	3,452	2,467	985
Supplies	3,465	2,784	681
Capital outlay	300	-	300
Other expenditures	548	236	312
Travel and training	3,635	2,197	1,438
Total County Administration	171,448	162,694	8,754
Legal Department			
Professional services	100,000	73,694	26,306
TOTAL GENERAL ADMINISTRATION	611,523	546,522	65,001
GRANT-IN-AID PROGRAMS			
Fire service grants	875,000	921,848	(46,848)
Fire service - 800 mhz. paging	120,000	24,852	95,148
Future Farmers of America	1,000	-	1,000
Agriculture Extension Work (4-H)	107,502	107,502	-
Soil Conservation District tax ditch drainage	85,250	85,250	-
Conservation District salaries	23,915	23,915	-
Fire companies	398,807	398,807	-
Rescue trucks	49,851	49,851	-
Fire service discretionary	265,500	265,500	-
Cheers meal program	5,000	5,000	-
Ambulances	57,040	57,040	-
Ambulance stations (non-fire)	12,985	12,985	-
Sussex County Community Action Agency	10,000	10,000	-
Aerial devices	35,244	38,953	(3,709)
Small Business Development Center	5,000	5,000	-
Sussex state police program	356,455	356,930	(475)
Recreational youth programs	30,000	15,240	14,760
Human service grants	116,593	116,593	-
Councilmanic grants	50,000	69,985	(19,985)
Erosion technician	13,664	13,664	-
County wastewater relief program	-	1,050	(1,050)
Local library placement fee grants	315,550	318,059	(2,509)
Town grants	165,000	75,000	90,000
Tax subsidy program	50,000	50,000	-
Gumboro community center	-	44,120	(44,120)
Local library grants	169,918	169,918	-
TOTAL GRANT-IN-AID PROGRAMS	3,319,274	3,237,062	82,212

COUNTY OF SUSSEX, DELAWARE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (NON-GAAP) - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2001

- 49 -

	Budget	Actual	Variance - Favorable (Unfavorable)
FINANCE			
Financial Administration			
Personal services	\$ 199,662	\$ 199,662	\$ -
Employee benefits	57,136	56,457	679
Contractual services	1,970	1,654	316
Supplies	3,100	2,780	320
Capital outlay	1,240	372	868
Travel and training	1,390	998	392
Total Financial Administration	<u>264,498</u>	<u>261,923</u>	<u>2,575</u>
Assessment Division			
Personal services	652,113	662,320	(10,207)
Employee benefits	266,248	270,388	(4,140)
Professional services	6,239	6,135	104
Contractual services	45,255	42,818	2,437
Supplies	21,899	17,383	4,516
Capital outlay	12,400	11,237	1,163
Travel and training	1,000	44	956
Total Assessment Division	<u>1,005,154</u>	<u>1,010,325</u>	<u>(5,171)</u>
Building Code Division			
Personal services	161,275	162,133	(858)
Employee benefits	64,627	64,851	(224)
Professional services	4,500	2,200	2,300
Contractual services	367,409	381,391	(13,982)
Supplies	11,680	5,840	5,840
Capital outlay	17,800	17,527	273
Travel and training	9,580	2,473	7,107
Total Building Code Division	<u>636,871</u>	<u>636,415</u>	<u>456</u>
Information Systems Division			
Personal services	236,584	217,525	19,059
Employee benefits	96,127	89,743	6,384
Professional services	197,000	184,092	12,908
Contractual services	11,125	8,387	2,738
Supplies	14,674	12,254	2,420
Capital outlay	69,194	73,539	(4,345)
Other expenditures	-	401,460	(401,460)
Travel and training	17,950	8,367	9,583
Total Information Systems Division	<u>642,654</u>	<u>995,367</u>	<u>(352,713)</u>
Accounting Division			
Personal services	284,784	285,364	(580)
Employee benefits	110,150	110,413	(263)
Professional services	73,385	50,751	22,634
Contractual services	17,885	17,467	418
Supplies	7,250	7,155	95
Capital outlay	850	455	395
Other expenditures	20,000	-	20,000
Travel and training	2,840	2,317	523
Total Accounting Division	<u>517,144</u>	<u>473,922</u>	<u>43,222</u>

COUNTY OF SUSSEX, DELAWARE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (NON-GAAP) - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2001

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	Budget	Actual	Variance - Favorable (Unfavorable)
FINANCE - CONTINUED			
Treasury Division			
Personal services	\$ 231,521	\$ 241,942	\$ (10,421)
Employee benefits	88,683	86,854	1,829
Professional services	23,869	21,792	2,077
Contractual services	87,300	81,738	5,562
Supplies	5,402	3,496	1,906
Capital outlay	7,821	7,360	461
Travel and training	377	156	221
Total Treasury Division	<u>444,973</u>	<u>443,338</u>	<u>1,635</u>
TOTAL FINANCE	<u>3,511,294</u>	<u>3,821,290</u>	<u>(309,996)</u>
PERSONNEL			
Personnel Administration			
Personal services	139,848	139,848	-
Employee benefits	48,014	49,097	(1,083)
Professional services	14,325	11,764	2,561
Contractual services	7,070	4,942	2,128
Supplies	2,550	2,000	550
Capital outlay	5,980	5,951	29
Other expenditures	63,800	19,130	44,670
Travel and training	575	81	494
Total Personnel Administration	<u>282,162</u>	<u>232,813</u>	<u>49,349</u>
General Purpose Expense			
Employee benefits	<u>90,800</u>	<u>120,847</u>	<u>(30,047)</u>
Retirement Distributions			
Pension contribution	136,148	136,148	-
Pension distributions	632,298	584,001	48,297
Retiree benefits	344,808	238,886	105,922
Professional services	41,000	-	41,000
Total Retirement Distributions	<u>1,154,254</u>	<u>959,035</u>	<u>195,219</u>
TOTAL PERSONNEL	<u>1,527,216</u>	<u>1,312,695</u>	<u>214,521</u>
BUILDING AND GROUNDS			
Maintenance			
Personal services	343,469	351,378	(7,909)
Employee benefits	142,451	140,929	1,522
Contractual services	12,500	6,926	5,574
Supplies	29,200	17,742	11,458
Capital outlay	4,700	-	4,700
Total Maintenance	<u>532,320</u>	<u>516,975</u>	<u>15,345</u>

COUNTY OF SUSSEX, DELAWARE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (NON-GAAP) - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2001

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	Budget	Actual	Variance - Favorable (Unfavorable)
BUILDING AND GROUNDS - CONTINUED			
Operations - Administrative Buildings			
Personal services	\$ 257,276	\$ 241,395	\$ 15,881
Employee benefits	110,959	103,659	7,300
Professional services	12,000	10,494	1,506
Contractual services	322,422	314,136	8,286
Supplies	63,573	60,075	3,498
Other expenditures	50,071	49,412	659
Travel and training	1,000	279	721
Total Operations - Administrative Buildings	817,301	779,450	37,851
TOTAL BUILDING AND GROUNDS	1,349,621	1,296,425	53,196
DATA PROCESSING			
Personal services	208,904	208,904	-
Employee benefits	71,890	72,548	(658)
Contractual services	15,050	14,843	207
Supplies	19,410	18,304	1,106
Capital outlay	1,900	1,732	168
Other expenditures	30,000	-	30,000
Travel and training	1,890	1,196	694
TOTAL DATA PROCESSING	349,044	317,527	31,517
PLANNING AND ZONING			
Administration			
Personal services	376,091	371,442	4,649
Employee benefits	150,762	149,756	1,006
Professional services	65,000	77,728	(12,728)
Contractual services	69,000	72,513	(3,513)
Supplies	14,550	13,407	1,143
Capital outlay	58,883	57,595	1,288
Other expenditures	1,500	357	1,143
Travel and training	2,100	-	2,100
Total Administration	737,886	742,798	(4,912)
Board of Adjustment			
Professional services	37,500	31,000	6,500
Commission			
Professional services	37,500	36,250	1,250
TOTAL PLANNING AND ZONING	812,886	810,048	2,838
COUNTY CONSTABLE			
Personal services	114,814	114,814	-
Employee benefits	44,197	43,636	561
Contractual services	13,992	19,315	(5,323)
Supplies	3,950	2,822	1,128
Capital outlay	19,983	19,985	(2)
Other expenditures	750	658	92
Travel and training	150	-	150
TOTAL COUNTY CONSTABLE	197,836	201,230	(3,394)

COUNTY OF SUSSEX, DELAWARE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (NON-GAAP) - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2001

- 52 -

	Budget	Actual	Variance - Favorable (Unfavorable)
PARAMEDIC PROGRAM			
Personal services	\$ 2,918,457	\$ 3,053,452	\$ (134,995)
Employee benefits	1,320,612	1,185,306	135,306
Professional services	175,925	20,313	155,612
Contractual services	272,225	201,540	70,685
Supplies	177,046	143,921	33,125
Capital outlay	457,885	374,841	83,044
Other expenditures	51,257	46,957	4,300
Travel and training	34,577	29,240	5,337
TOTAL PARAMEDIC PROGRAM	5,407,984	5,055,570	352,414
EMERGENCY PREPAREDNESS			
Administration			
Personal services	106,634	135,127	(28,493)
Employee benefits	36,277	40,712	(4,435)
Contractual services	34,470	34,873	(403)
Supplies	11,800	9,133	2,667
Capital outlay	81,000	333	80,667
Other expenditures	2,800	2,098	702
Travel and training	4,900	1,278	3,622
Total Administration	277,881	223,554	54,327
Emergency Operations Center			
Personal services	448,724	450,026	(1,302)
Employee benefits	285,922	284,225	1,697
Contractual services	62,405	64,903	(2,498)
Supplies	12,250	8,723	3,527
Capital outlay	5,900	5,803	97
Other expenditures	188,597	76,218	112,379
Travel and training	22,550	18,065	4,485
Total Emergency Operations Center	1,026,348	907,963	118,385
Communications System			
Personal services	111,866	143,921	(32,055)
Employee benefits	37,076	38,254	(1,178)
Contractual services	13,375	12,316	1,059
Supplies	19,150	16,244	2,906
Capital outlay	5,300	2,209	3,091
Travel and training	1,625	-	1,625
Total Communications System	188,392	212,944	(24,552)

COUNTY OF SUSSEX, DELAWARE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (NON-GAAP) - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2001

- 53 -

	Budget	Actual	Variance - Favorable (Unfavorable)
EMERGENCY PREPAREDNESS - CONTINUED			
Local Emergency Planning Community Program			
Personal services	\$ 29,046	\$ 29,046	\$ -
Employee benefits	11,102	11,774	(672)
Professional services	1,200	-	1,200
Contractual services	2,700	1,327	1,373
Supplies	5,100	2,929	2,171
Capital outlay	2,200	1,822	378
Travel and training	1,000	631	369
Total Local Emergency Planning Community Program	52,348	47,529	4,819
TOTAL EMERGENCY PREPAREDNESS	1,544,969	1,391,990	152,979
ECONOMIC DEVELOPMENT AND PUBLIC WORKS			
Economic Development			
Personal services	96,004	95,758	246
Employee benefits	34,656	34,825	(169)
Contractual services	12,300	6,831	5,469
Supplies	16,910	15,755	1,155
Capital outlay	500	146	354
Other expenditures	13,550	406,986	(393,436)
Travel and training	3,390	1,562	1,828
Total Economic Development	177,310	561,863	(384,553)
Industrial Park			
Personal services	60,519	46,988	13,531
Employee benefits	19,237	14,754	4,483
Contractual services	134,900	132,551	2,349
Supplies	1,500	605	895
Capital outlay	5,000	5,000	-
Other expenditures	35,490	25,408	10,082
Travel and training	2,250	999	1,251
Total Industrial Park	258,896	226,305	32,591
TOTAL ECONOMIC DEVELOPMENT AND PUBLIC WORKS	436,206	788,168	(351,962)
COUNTY ENGINEER			
Administration			
Personal services	513,939	451,557	62,382
Employee benefits	178,455	153,563	24,892
Professional services	42,510	1,453	41,057
Contractual services	5,239	216	5,023
Supplies	2,400	1,277	1,123
Capital outlay	4,711	4,649	62
Other expenditures	7,900	8,013	(113)
Travel and training	2,640	2,155	485
Total Administration	757,794	622,883	134,911

COUNTY OF SUSSEX, DELAWARE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (NON-GAAP) - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2001

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	Budget	Actual	Variance - Favorable (Unfavorable)
COUNTY ENGINEER - CONTINUED			
Public Works			
Personal services	\$ 193,366	\$ 192,610	\$ 756
Employee benefits	69,521	61,878	7,643
Professional services	300	91	209
Contractual services	3,800	4,432	(632)
Supplies	7,760	5,538	2,222
Capital outlay	22,650	21,538	1,112
Other expenditures	-	31,757	(31,757)
Travel and training	2,260	1,726	534
Total Public Works	<u>299,657</u>	<u>319,570</u>	<u>(19,913)</u>
TOTAL COUNTY ENGINEER	<u>1,057,451</u>	<u>942,453</u>	<u>114,998</u>
AIRPORT			
Personal services	27,000	45,028	(18,028)
Employee benefits	10,790	15,152	(4,362)
Professional services	2,000	1,007	993
Contractual services	35,050	25,571	9,479
Supplies	6,000	4,801	1,199
Capital outlay	1,042,773	433,895	608,878
Other expenditures	19,200	77,150	(57,950)
TOTAL AIRPORT	<u>1,142,813</u>	<u>602,604</u>	<u>540,209</u>
ENGINEERING - SOLID WASTE			
Contractual services	5,250	2	5,248
Supplies	200	-	200
Other expenditures	100,000	43,412	56,588
Travel and training	100	-	100
TOTAL ENGINEERING - SOLID WASTE	<u>105,550</u>	<u>43,414</u>	<u>62,136</u>
LIBRARY			
Library administration	534,763	494,884	39,879
Library facilities	1,085,165	1,003,820	81,345
Local libraries	784,359	784,359	-
TOTAL LIBRARY	<u>2,404,287</u>	<u>2,283,063</u>	<u>121,224</u>

COUNTY OF SUSSEX, DELAWARE
GENERAL FUND EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL (NON-GAAP) - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2001

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	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
COMMUNITY DEVELOPMENT AND HOUSING			
Administration			
Personal services	\$ 165,753	\$ 166,231	\$ (478)
Employee benefits	59,791	66,423	(6,632)
Professional services	1,200	2,074	(874)
Contractual services	4,013	3,584	429
Supplies	2,800	2,521	279
Travel and training	4,587	4,658	(71)
Total Administration	238,144	245,491	(7,347)
Rehabilitation			
Contractual services	2,647,360	1,004,080	1,643,280
TOTAL COMMUNITY DEVELOPMENT AND HOUSING	2,885,504	1,249,571	1,635,933
CONSTITUTIONAL OFFICES			
Clerk of the Peace	95,082	89,733	5,349
Recorder of Deeds	974,710	845,686	129,024
Register in Chancery	146,332	130,456	15,876
Register of Wills	174,630	172,883	1,747
Sheriff	348,796	271,393	77,403
TOTAL CONSTITUTIONAL OFFICES	1,739,550	1,510,151	229,399
TOTAL EXPENDITURES	28,403,008	25,409,783	2,993,225
OTHER FINANCING USES			
Reserved for contingencies	351,620	-	351,620
Appropriated reserves	3,154,000	3,236,013	(82,013)
Operating transfer out	2,000,000	1,854,116	145,884
TOTAL OTHER FINANCING USES	5,505,620	5,090,129	415,491
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 33,908,628	\$ 30,499,912	\$ 3,408,716

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1992
(PRINCIPAL AND INTEREST PAYMENTS ONLY)
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 22, 2001	5.50 %	\$ 3,918	\$ 17,508
December 22, 2001	5.50	3,972	17,454
March 22, 2002	5.50	4,026	17,400
June 22, 2002	5.50	4,082	17,344
September 22, 2002	5.50	4,138	17,288
December 22, 2002	5.50	4,195	17,231
March 22, 2003	5.50	4,252	17,174
June 22, 2003	5.50	4,311	17,115
September 22, 2003	5.50	4,370	17,056
December 22, 2003	5.50	4,430	16,996
March 22, 2004	5.50	4,491	16,935
June 22, 2004	5.50	4,553	16,873
September 22, 2004	5.50	4,615	16,810
December 22, 2004	5.50	4,679	16,747
March 22, 2005	5.50	4,743	16,683
June 22, 2005	5.50	4,808	16,617
September 22, 2005	5.50	4,874	16,551
December 22, 2005	5.50	4,941	16,484
March 22, 2006	5.50	5,009	16,417
June 22, 2006	5.50	5,078	16,348
September 22, 2006	5.50	5,148	16,278
December 22, 2006	5.50	5,219	16,207
March 22, 2007	5.50	5,291	16,135
June 22, 2007	5.50	5,363	16,062
September 22, 2007	5.50	5,437	15,989
December 22, 2007	5.50	5,512	15,914
March 22, 2008	5.50	5,588	15,838
June 22, 2008	5.50	5,665	15,761
September 22, 2008	5.50	5,742	15,683
December 22, 2008	5.50	5,821	15,604
March 22, 2009	5.50	5,901	15,524
June 22, 2009	5.50	5,983	15,443
September 22, 2009	5.50	6,065	15,361
December 22, 2009	5.50	6,148	15,278
March 22, 2010	5.50	6,233	15,193
June 22, 2010	5.50	6,319	15,107
September 22, 2010	5.50	6,405	15,020
December 22, 2010	5.50	6,493	14,932
March 22, 2011	5.50	6,583	14,843
June 22, 2011	5.50	6,673	14,753
September 22, 2011	5.50	6,765	14,661
December 22, 2011	5.50	6,858	14,568
March 22, 2012	5.50	6,952	14,474
June 22, 2012	5.50	7,048	14,378
September 22, 2012	5.50	7,145	14,281
December 22, 2012	5.50	7,243	14,183
March 22, 2013	5.50	7,343	14,083
June 22, 2013	5.50	7,444	13,982
September 22, 2013	5.50	7,546	13,880
December 22, 2013	5.50	7,650	13,776
March 22, 2014	5.50	7,755	13,671
June 22, 2014	5.50	7,862	13,564
September 22, 2014	5.50	7,970	13,456
December 22, 2014	5.50	8,079	13,347
March 22, 2015	5.50	8,190	13,236

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1992
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
June 22, 2015	5.50 %	\$ 8,303	\$ 13,123
September 22, 2015	5.50	8,417	13,009
December 22, 2015	5.50	8,533	12,893
March 22, 2016	5.50	8,650	12,776
June 22, 2016	5.50	8,769	12,657
September 22, 2016	5.50	8,890	12,536
December 22, 2016	5.50	9,012	12,414
March 22, 2017	5.50	9,136	12,290
June 22, 2017	5.50	9,261	12,164
September 22, 2017	5.50	9,389	12,037
December 22, 2017	5.50	9,518	11,908
March 22, 2018	5.50	9,649	11,777
June 22, 2018	5.50	9,781	11,644
September 22, 2018	5.50	9,916	11,510
December 22, 2018	5.50	10,052	11,374
March 22, 2019	5.50	10,190	11,235
June 22, 2019	5.50	10,331	11,095
September 22, 2019	5.50	10,473	10,953
December 22, 2019	5.50	10,617	10,809
March 22, 2020	5.50	10,763	10,663
June 22, 2020	5.50	10,911	10,515
September 22, 2020	5.50	11,061	10,365
December 22, 2020	5.50	11,213	10,213
March 22, 2021	5.50	11,367	10,059
June 22, 2021	5.50	11,523	9,903
September 22, 2021	5.50	11,682	9,744
December 22, 2021	5.50	11,842	9,584
March 22, 2022	5.50	12,005	9,421
June 22, 2022	5.50	12,170	9,256
September 22, 2022	5.50	12,337	9,088
December 22, 2022	5.50	12,507	8,919
March 22, 2023	5.50	12,679	8,747
June 22, 2023	5.50	12,853	8,572
September 22, 2023	5.50	13,030	8,396
December 22, 2023	5.50	13,209	8,216
March 22, 2024	5.50	13,391	8,035
June 22, 2024	5.50	13,575	7,851
September 22, 2024	5.50	13,762	7,664
December 22, 2024	5.50	13,951	7,475
March 22, 2025	5.50	14,143	7,283
June 22, 2025	5.50	14,337	7,089
September 22, 2025	5.50	14,534	6,891
December 22, 2025	5.50	14,734	6,692
March 22, 2026	5.50	14,937	6,489
June 22, 2026	5.50	15,142	6,284
September 22, 2026	5.50	15,350	6,075
December 22, 2026	5.50	15,562	5,864
March 22, 2027	5.50	15,775	5,650
June 22, 2027	5.50	15,992	5,433
September 22, 2027	5.50	16,212	5,214
December 22, 2027	5.50	16,435	4,991
March 22, 2028	5.50	16,661	4,765
June 22, 2028	5.50	16,890	4,536
September 22, 2028	5.50	17,123	4,303
December 22, 2028	5.50	17,358	4,068

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1992
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 22, 2029	5.50 %	\$ 17,597	\$ 3,829
June 22, 2029	5.50	17,839	3,587
September 22, 2029	5.50	18,084	3,342
December 22, 2029	5.50	18,333	3,093
March 22, 2030	5.50	18,585	2,841
June 22, 2030	5.50	18,840	2,586
September 22, 2030	5.50	19,099	2,327
December 22, 2030	5.50	19,362	2,064
March 22, 2031	5.50	19,628	1,798
June 22, 2031	5.50	19,898	1,528
September 22, 2031	5.50	20,172	1,254
December 22, 2031	5.50	20,449	977
March 22, 2032	5.50	20,730	696
June 22, 2032	5.50	21,015	411
September 22, 2032	5.50	11,546	122
		<u>\$ 1,276,004</u>	<u>\$ 1,392,468</u>

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1993
(PRINCIPAL AND INTEREST PAYMENTS ONLY)
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
October 15, 2001	4.90 %	\$ 2,280,000	\$ 1,153,421
April 15, 2002	-	-	1,097,561
October 15, 2002	5.10	2,370,000	1,097,561
April 15, 2003	-	-	1,037,126
October 15, 2003	5.15	2,490,000	1,037,126
April 15, 2004	-	-	973,009
October 15, 2004	5.25	2,500,000	973,009
April 15, 2005	-	-	907,384
October 15, 2005	5.35	2,630,000	907,384
April 15, 2006	-	-	837,031
October 15, 2006	5.45	1,985,000	837,031
April 15, 2007	-	-	782,940
October 15, 2007	5.60	2,080,000	782,940
April 15, 2008	-	-	724,700
October 15, 2008	5.60	2,205,000	724,700
April 15, 2009	-	-	662,960
October 15, 2009	5.70	2,340,000	662,960
April 15, 2010	-	-	596,270
October 15, 2010	5.70	2,460,000	596,270
April 15, 2011	-	-	526,161
October 15, 2011	5.70	2,615,000	526,161
April 15, 2012	-	-	451,633
October 15, 2012	5.70	2,785,000	451,633
April 15, 2013	-	-	372,260
October 15, 2013	5.60	2,565,000	372,260
April 15, 2014	-	-	300,440
October 15, 2014	5.60	1,920,000	300,440
April 15, 2015	-	-	246,680
October 15, 2015	5.60	1,785,000	246,680
April 15, 2016	-	-	196,700
October 15, 2016	5.60	1,900,000	196,700
April 15, 2017	-	-	143,500
October 15, 2017	5.60	1,175,000	143,500
April 15, 2018	-	-	110,600
October 15, 2018	5.60	1,245,000	110,600
April 15, 2019	-	-	75,740
October 15, 2019	5.60	1,315,000	75,740
April 15, 2020	-	-	38,920
October 15, 2020	5.60	1,390,000	38,920
		<u>\$ 42,035,000</u>	<u>\$ 21,316,651</u>

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1994
(PRINCIPAL AND INTEREST PAYMENTS ONLY)
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 20, 2001	4.50 %	\$ 31,108	\$ 107,979
December 20, 2001	4.50	31,458	107,629
March 20, 2002	4.50	31,812	107,275
June 20, 2002	4.50	32,170	106,917
September 20, 2002	4.50	32,532	106,555
December 20, 2002	4.50	32,898	106,189
March 20, 2003	4.50	33,268	105,819
June 20, 2003	4.50	33,642	105,445
September 20, 2003	4.50	34,021	105,066
December 20, 2003	4.50	34,403	104,684
March 20, 2004	4.50	34,790	104,297
June 20, 2004	4.50	35,182	103,905
September 20, 2004	4.50	35,577	103,510
December 20, 2004	4.50	35,978	103,109
March 20, 2005	4.50	36,382	102,705
June 20, 2005	4.50	36,792	102,295
September 20, 2005	4.50	37,206	101,881
December 20, 2005	4.50	37,624	101,463
March 20, 2006	4.50	38,048	101,039
June 20, 2006	4.50	38,476	100,611
September 20, 2006	4.50	38,908	100,179
December 20, 2006	4.50	39,346	99,741
March 20, 2007	4.50	39,789	99,298
June 20, 2007	4.50	40,236	98,851
September 20, 2007	4.50	40,689	98,398
December 20, 2007	4.50	41,147	97,940
March 20, 2008	4.50	41,610	97,477
June 20, 2008	4.50	42,078	97,009
September 20, 2008	4.50	42,551	96,536
December 20, 2008	4.50	43,030	96,057
March 20, 2009	4.50	43,514	95,573
June 20, 2009	4.50	44,003	95,084
September 20, 2009	4.50	44,499	94,588
December 20, 2009	4.50	44,999	94,088
March 20, 2010	4.50	45,505	93,582
June 20, 2010	4.50	46,017	93,070
September 20, 2010	4.50	46,535	92,552
December 20, 2010	4.50	47,059	92,028
March 20, 2011	4.50	47,588	91,499
June 20, 2011	4.50	48,123	90,964
September 20, 2011	4.50	48,665	90,422
December 20, 2011	4.50	49,212	89,875
March 20, 2012	4.50	49,766	89,321
June 20, 2012	4.50	50,326	88,761
September 20, 2012	4.50	50,892	88,195
December 20, 2012	4.50	51,464	87,623
March 20, 2013	4.50	52,043	87,044
June 20, 2013	4.50	52,629	86,458
September 20, 2013	4.50	53,221	85,866
December 20, 2013	4.50	53,820	85,267
March 20, 2014	4.50	54,425	84,662
June 20, 2014	4.50	55,037	84,050
September 20, 2014	4.50	55,657	83,430
December 20, 2014	4.50	56,283	82,804
March 20, 2015	4.50	56,916	82,171

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1994
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
June 20, 2015	4.50 %	\$ 57,556	\$ 81,531
September 20, 2015	4.50	58,204	80,883
December 20, 2015	4.50	58,858	80,229
March 20, 2016	4.50	59,521	79,566
June 20, 2016	4.50	60,190	78,897
September 20, 2016	4.50	60,867	78,220
December 20, 2016	4.50	61,552	77,535
March 20, 2017	4.50	62,245	76,842
June 20, 2017	4.50	62,945	76,142
September 20, 2017	4.50	63,653	75,434
December 20, 2017	4.50	64,369	74,718
March 20, 2018	4.50	65,093	73,994
June 20, 2018	4.50	65,826	73,261
September 20, 2018	4.50	66,566	72,521
December 20, 2018	4.50	67,315	71,772
March 20, 2019	4.50	68,072	71,015
June 20, 2019	4.50	68,838	70,249
September 20, 2019	4.50	69,612	69,475
December 20, 2019	4.50	70,396	68,691
March 20, 2020	4.50	71,188	67,899
June 20, 2020	4.50	71,988	67,099
September 20, 2020	4.50	72,798	66,289
December 20, 2020	4.50	73,617	65,470
March 20, 2021	4.50	74,445	64,642
June 20, 2021	4.50	75,283	63,804
September 20, 2021	4.50	76,130	62,957
December 20, 2021	4.50	76,986	62,101
March 20, 2022	4.50	77,852	61,235
June 20, 2022	4.50	78,728	60,359
September 20, 2022	4.50	79,614	59,473
December 20, 2022	4.50	80,510	58,577
March 20, 2023	4.50	81,415	57,672
June 20, 2023	4.50	82,331	56,756
September 20, 2023	4.50	83,258	55,829
December 20, 2023	4.50	84,194	54,893
March 20, 2024	4.50	85,141	53,946
June 20, 2024	4.50	86,099	52,988
September 20, 2024	4.50	87,068	52,019
December 20, 2024	4.50	88,047	51,040
March 20, 2025	4.50	89,038	50,049
June 20, 2025	4.50	90,040	49,047
September 20, 2025	4.50	91,053	48,034
December 20, 2025	4.50	92,077	47,010
March 20, 2026	4.50	93,113	45,974
June 20, 2026	4.50	94,160	44,927
September 20, 2026	4.50	95,220	43,867
December 20, 2026	4.50	96,291	42,796
March 20, 2027	4.50	97,374	41,713
June 20, 2027	4.50	98,469	40,618
September 20, 2027	4.50	99,577	39,510
December 20, 2027	4.50	100,698	38,389
March 20, 2028	4.50	101,830	37,257
June 20, 2028	4.50	102,976	36,111
September 20, 2028	4.50	104,134	34,953
December 20, 2028	4.50	105,306	33,781

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1994
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 20, 2029	4.50 %	\$ 106,491	\$ 32,596
June 20, 2029	4.50	107,689	31,398
September 20, 2029	4.50	108,900	30,187
December 20, 2029	4.50	110,125	28,962
March 20, 2030	4.50	111,364	27,723
June 20, 2030	4.50	112,617	26,470
September 20, 2030	4.50	113,884	25,203
December 20, 2030	4.50	115,165	23,922
March 20, 2031	4.50	116,461	22,626
June 20, 2031	4.50	117,771	21,316
September 20, 2031	4.50	119,096	19,991
December 20, 2031	4.50	120,436	18,651
March 20, 2032	4.50	121,791	17,296
June 20, 2032	4.50	123,161	15,926
September 20, 2032	4.50	124,546	14,541
December 20, 2032	4.50	125,947	13,140
March 20, 2033	4.50	127,364	11,723
June 20, 2033	4.50	128,797	10,290
September 20, 2033	4.50	130,246	8,841
December 20, 2033	4.50	131,711	7,376
March 20, 2034	4.50	133,193	5,894
June 20, 2034	4.50	134,692	4,395
September 20, 2034	4.50	136,207	2,880
December 20, 2034	4.50	118,657	1,348
		<u>\$ 9,596,986</u>	<u>\$ 9,021,590</u>

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT REVENUE BONDS - 1995
(PRINCIPAL AND INTEREST PAYMENTS ONLY)
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
December 15, 2001	- %	\$ -	\$ 540,863
June 15, 2002	4.45	450,000	540,863
December 15, 2002	-	-	530,850
June 15, 2003	4.50	470,000	530,850
December 15, 2003	-	-	520,275
June 15, 2004	4.65	490,000	520,275
December 15, 2004	-	-	508,883
June 15, 2005	4.75	510,000	508,883
December 15, 2005	-	-	496,770
June 15, 2006	4.85	535,000	496,770
December 15, 2006	-	-	483,796
June 15, 2007	5.00	560,000	483,796
December 15, 2007	-	-	469,796
June 15, 2008	5.10	590,000	469,796
December 15, 2008	-	-	454,751
June 15, 2009	5.20	620,000	454,751
December 15, 2009	-	-	438,631
June 15, 2010	5.30	650,000	438,631
December 15, 2010	-	-	421,406
June 15, 2011	5.40	690,000	421,406
December 15, 2011	-	-	402,776
June 15, 2012	5.45	725,000	402,776
December 15, 2012	-	-	383,020
June 15, 2013	5.45	765,000	383,020
December 15, 2013	-	-	362,174
June 15, 2014	5.45	805,000	362,174
December 15, 2014	-	-	340,238
June 15, 2015	5.45	850,000	340,238
December 15, 2015	-	-	317,075
June 15, 2016	5.50	895,000	317,075
December 15, 2016	-	-	292,463
June 15, 2017	5.50	945,000	292,463
December 15, 2017	-	-	266,475
June 15, 2018	5.50	995,000	266,475
December 15, 2018	-	-	239,113
June 15, 2019	5.50	1,055,000	239,113
December 15, 2019	-	-	210,100
June 15, 2020	5.50	1,105,000	210,100
December 15, 2020	-	-	179,713
June 15, 2021	5.50	1,170,000	179,713
December 15, 2021	-	-	147,538
June 15, 2022	5.50	1,235,000	147,538
December 15, 2022	-	-	113,575
June 15, 2023	5.50	1,305,000	113,575
December 15, 2023	-	-	77,688
June 15, 2024	5.50	1,375,000	77,688
December 15, 2024	-	-	39,875
June 15, 2025	5.50	1,450,000	39,875
		<u>\$ 20,240,000</u>	<u>\$ 16,475,688</u>

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1995 A
(PRINCIPAL AND INTEREST PAYMENTS ONLY)
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 9, 2001	4.50 %	\$ 11,152	\$ 39,272
December 9, 2001	4.50	11,278	39,146
March 9, 2002	4.50	11,405	39,019
June 9, 2002	4.50	11,533	38,891
September 9, 2002	4.50	11,663	38,761
December 9, 2002	4.50	11,794	38,630
March 9, 2003	4.50	11,927	38,497
June 9, 2003	4.50	12,061	38,363
September 9, 2003	4.50	12,196	38,228
December 9, 2003	4.50	12,334	38,090
March 9, 2004	4.50	12,472	37,952
June 9, 2004	4.50	12,613	37,811
September 9, 2004	4.50	12,755	37,669
December 9, 2004	4.50	12,898	37,526
March 9, 2005	4.50	13,043	37,381
June 9, 2005	4.50	13,190	37,234
September 9, 2005	4.50	13,338	37,086
December 9, 2005	4.50	13,488	36,936
March 9, 2006	4.50	13,640	36,784
June 9, 2006	4.50	13,793	36,631
September 9, 2006	4.50	13,949	36,475
December 9, 2006	4.50	14,106	36,318
March 9, 2007	4.50	14,264	36,160
June 9, 2007	4.50	14,425	35,999
September 9, 2007	4.50	14,587	35,837
December 9, 2007	4.50	14,751	35,673
March 9, 2008	4.50	14,917	35,507
June 9, 2008	4.50	15,085	35,339
September 9, 2008	4.50	15,255	35,169
December 9, 2008	4.50	15,426	34,998
March 9, 2009	4.50	15,600	34,824
June 9, 2009	4.50	15,775	34,649
September 9, 2009	4.50	15,953	34,471
December 9, 2009	4.50	16,132	34,292
March 9, 2010	4.50	16,314	34,110
June 9, 2010	4.50	16,497	33,927
September 9, 2010	4.50	16,683	33,741
December 9, 2010	4.50	16,870	33,554
March 9, 2011	4.50	17,060	33,364
June 9, 2011	4.50	17,252	33,172
September 9, 2011	4.50	17,446	32,978
December 9, 2011	4.50	17,643	32,781
March 9, 2012	4.50	17,841	32,583
June 9, 2012	4.50	18,042	32,382
September 9, 2012	4.50	18,245	32,179
December 9, 2012	4.50	18,450	31,974
March 9, 2013	4.50	18,658	31,766
June 9, 2013	4.50	18,867	31,557
September 9, 2013	4.50	19,080	31,344
December 9, 2013	4.50	19,294	31,130
March 9, 2014	4.50	19,511	30,913
June 9, 2014	4.50	19,731	30,693
September 9, 2014	4.50	19,953	30,471
December 9, 2014	4.50	20,177	30,247
March 9, 2015	4.50	20,404	30,020

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1995 A
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
June 9, 2015	4.50 %	\$ 20,634	\$ 29,790
September 9, 2015	4.50	20,866	29,558
December 9, 2015	4.50	21,101	29,323
March 9, 2016	4.50	21,338	29,086
June 9, 2016	4.50	21,578	28,846
September 9, 2016	4.50	21,821	28,603
December 9, 2016	4.50	22,066	28,358
March 9, 2017	4.50	22,315	28,109
June 9, 2017	4.50	22,566	27,858
September 9, 2017	4.50	22,820	27,604
December 9, 2017	4.50	23,076	27,348
March 9, 2018	4.50	23,336	27,088
June 9, 2018	4.50	23,598	26,826
September 9, 2018	4.50	23,864	26,560
December 9, 2018	4.50	24,132	26,292
March 9, 2019	4.50	24,404	26,020
June 9, 2019	4.50	24,678	25,746
September 9, 2019	4.50	24,956	25,468
December 9, 2019	4.50	25,237	25,187
March 9, 2020	4.50	25,521	24,903
June 9, 2020	4.50	25,808	24,616
September 9, 2020	4.50	26,098	24,326
December 9, 2020	4.50	26,392	24,032
March 9, 2021	4.50	26,689	23,735
June 9, 2021	4.50	26,989	23,435
September 9, 2021	4.50	27,293	23,131
December 9, 2021	4.50	27,600	22,824
March 9, 2022	4.50	27,910	22,514
June 9, 2022	4.50	28,224	22,200
September 9, 2022	4.50	28,542	21,882
December 9, 2022	4.50	28,863	21,561
March 9, 2023	4.50	29,187	21,237
June 9, 2023	4.50	29,516	20,908
September 9, 2023	4.50	29,848	20,576
December 9, 2023	4.50	30,184	20,240
March 9, 2024	4.50	30,523	19,901
June 9, 2024	4.50	30,867	19,557
September 9, 2024	4.50	31,214	19,210
December 9, 2024	4.50	31,565	18,859
March 9, 2025	4.50	31,920	18,504
June 9, 2025	4.50	32,279	18,145
September 9, 2025	4.50	32,642	17,782
December 9, 2025	4.50	33,010	17,414
March 9, 2026	4.50	33,381	17,043
June 9, 2026	4.50	33,756	16,668
September 9, 2026	4.50	34,136	16,288
December 9, 2026	4.50	34,520	15,904
March 9, 2027	4.50	34,909	15,515
June 9, 2027	4.50	35,301	15,123
September 9, 2027	4.50	35,698	14,726
December 9, 2027	4.50	36,100	14,324
March 9, 2028	4.50	36,506	13,918
June 9, 2028	4.50	36,917	13,507
September 9, 2028	4.50	37,332	13,092
December 9, 2028	4.50	37,752	12,672

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1995 A
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 9, 2029	4.50 %	\$ 38,177	\$ 12,247
June 9, 2029	4.50	38,606	11,818
September 9, 2029	4.50	39,041	11,383
December 9, 2029	4.50	39,480	10,944
March 9, 2030	4.50	39,924	10,500
June 9, 2030	4.50	40,373	10,051
September 9, 2030	4.50	40,827	9,597
December 9, 2030	4.50	41,287	9,137
March 9, 2031	4.50	41,751	8,673
June 9, 2031	4.50	42,221	8,203
September 9, 2031	4.50	42,696	7,728
December 9, 2031	4.50	43,176	7,248
March 9, 2032	4.50	43,662	6,762
June 9, 2032	4.50	44,153	6,271
September 9, 2032	4.50	44,650	5,774
December 9, 2032	4.50	45,152	5,272
March 9, 2033	4.50	45,660	4,764
June 9, 2033	4.50	46,174	4,250
September 9, 2033	4.50	46,693	3,731
December 9, 2033	4.50	47,219	3,205
March 9, 2034	4.50	47,750	2,674
June 9, 2034	4.50	48,287	2,137
September 9, 2034	4.50	48,830	1,594
December 9, 2034	4.50	49,380	1,044
March 9, 2035	4.50	43,740	490
		<u>\$ 3,491,103</u>	<u>\$ 3,309,943</u>

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1995 B
(PRINCIPAL AND INTEREST PAYMENTS ONLY)
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 27, 2001	4.50 %	\$ 20,089	\$ 71,717
December 27, 2001	4.50	20,315	71,491
March 27, 2002	4.50	20,543	71,263
June 27, 2002	4.50	20,774	71,032
September 27, 2002	4.50	21,008	70,798
December 27, 2002	4.50	21,245	70,561
March 27, 2003	4.50	21,484	70,322
June 27, 2003	4.50	21,725	70,081
September 27, 2003	4.50	21,970	69,836
December 27, 2003	4.50	22,217	69,589
March 27, 2004	4.50	22,467	69,339
June 27, 2004	4.50	22,719	69,087
September 27, 2004	4.50	22,975	68,831
December 27, 2004	4.50	23,234	68,572
March 27, 2005	4.50	23,495	68,311
June 27, 2005	4.50	23,759	68,047
September 27, 2005	4.50	24,027	67,779
December 27, 2005	4.50	24,297	67,509
March 27, 2006	4.50	24,570	67,236
June 27, 2006	4.50	24,847	66,959
September 27, 2006	4.50	25,126	66,680
December 27, 2006	4.50	25,409	66,397
March 27, 2007	4.50	25,695	66,111
June 27, 2007	4.50	25,984	65,822
September 27, 2007	4.50	26,276	65,530
December 27, 2007	4.50	26,572	65,234
March 27, 2008	4.50	26,871	64,935
June 27, 2008	4.50	27,173	64,633
September 27, 2008	4.50	27,479	64,327
December 27, 2008	4.50	27,788	64,018
March 27, 2009	4.50	28,100	63,706
June 27, 2009	4.50	28,416	63,390
September 27, 2009	4.50	28,736	63,070
December 27, 2009	4.50	29,059	62,747
March 27, 2010	4.50	29,386	62,420
June 27, 2010	4.50	29,717	62,089
September 27, 2010	4.50	30,051	61,755
December 27, 2010	4.50	30,389	61,417
March 27, 2011	4.50	30,731	61,075
June 27, 2011	4.50	31,077	60,729
September 27, 2011	4.50	31,426	60,380
December 27, 2011	4.50	31,780	60,026
March 27, 2012	4.50	32,138	59,668
June 27, 2012	4.50	32,499	59,307
September 27, 2012	4.50	32,865	58,941
December 27, 2012	4.50	33,234	58,572
March 27, 2013	4.50	33,608	58,198
June 27, 2013	4.50	33,986	57,820
September 27, 2013	4.50	34,369	57,437
December 27, 2013	4.50	34,755	57,051
March 27, 2014	4.50	35,146	56,660
June 27, 2014	4.50	35,542	56,264
September 27, 2014	4.50	35,942	55,864
December 27, 2014	4.50	36,346	55,460
March 27, 2015	4.50	36,755	55,051

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1995 B
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
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Date of Maturity	Coupon	Principal Maturity	Interest Payable
June 27, 2015	4.50 %	\$ 37,168	\$ 54,638
September 27, 2015	4.50	37,587	54,219
December 27, 2015	4.50	38,009	53,797
March 27, 2016	4.50	38,437	53,369
June 27, 2016	4.50	38,869	52,937
September 27, 2016	4.50	39,307	52,499
December 27, 2016	4.50	39,749	52,057
March 27, 2017	4.50	40,196	51,610
June 27, 2017	4.50	40,648	51,158
September 27, 2017	4.50	41,106	50,700
December 27, 2017	4.50	41,568	50,238
March 27, 2018	4.50	42,036	49,770
June 27, 2018	4.50	42,509	49,297
September 27, 2018	4.50	42,987	48,819
December 27, 2018	4.50	43,470	48,336
March 27, 2019	4.50	43,959	47,847
June 27, 2019	4.50	44,454	47,352
September 27, 2019	4.50	44,954	46,852
December 27, 2019	4.50	45,460	46,346
March 27, 2020	4.50	45,971	45,835
June 27, 2020	4.50	46,488	45,318
September 27, 2020	4.50	47,011	44,795
December 27, 2020	4.50	47,540	44,266
March 27, 2021	4.50	48,075	43,731
June 27, 2021	4.50	48,616	43,190
September 27, 2021	4.50	49,163	42,643
December 27, 2021	4.50	49,716	42,090
March 27, 2022	4.50	50,275	41,531
June 27, 2022	4.50	50,840	40,966
September 27, 2022	4.50	51,413	40,393
December 27, 2022	4.50	51,991	39,815
March 27, 2023	4.50	52,576	39,230
June 27, 2023	4.50	53,168	38,638
September 27, 2023	4.50	53,766	38,040
December 27, 2023	4.50	54,371	37,435
March 27, 2024	4.50	54,982	36,824
June 27, 2024	4.50	55,601	36,205
September 27, 2024	4.50	56,226	35,580
December 27, 2024	4.50	56,859	34,947
March 27, 2025	4.50	57,499	34,307
June 27, 2025	4.50	58,145	33,661
September 27, 2025	4.50	58,799	33,007
December 27, 2025	4.50	59,461	32,345
March 27, 2026	4.50	60,130	31,676
June 27, 2026	4.50	60,806	31,000
September 27, 2026	4.50	61,490	30,316
December 27, 2026	4.50	62,182	29,624
March 27, 2027	4.50	62,882	28,924
June 27, 2027	4.50	63,589	28,217
September 27, 2027	4.50	64,305	27,501
December 27, 2027	4.50	65,028	26,778
March 27, 2028	4.50	65,760	26,046
June 27, 2028	4.50	66,499	25,307
September 27, 2028	4.50	67,247	24,559
December 27, 2028	4.50	68,004	23,802

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1995 B
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 27, 2029	4.50 %	\$ 68,769	\$ 23,037
June 27, 2029	4.50	69,543	22,263
September 27, 2029	4.50	70,325	21,481
December 27, 2029	4.50	71,116	20,690
March 27, 2030	4.50	71,916	19,890
June 27, 2030	4.50	72,725	19,081
September 27, 2030	4.50	73,544	18,262
December 27, 2030	4.50	74,371	17,435
March 27, 2031	4.50	75,208	16,598
June 27, 2031	4.50	76,054	15,752
September 27, 2031	4.50	76,909	14,897
December 27, 2031	4.50	77,775	14,031
March 27, 2032	4.50	78,649	13,157
June 27, 2032	4.50	79,534	12,272
September 27, 2032	4.50	80,429	11,377
December 27, 2032	4.50	81,334	10,472
March 27, 2033	4.50	82,249	9,557
June 27, 2033	4.50	83,174	8,632
September 27, 2033	4.50	84,110	7,696
December 27, 2033	4.50	85,056	6,750
March 27, 2034	4.50	86,013	5,793
June 27, 2034	4.50	86,981	4,825
September 27, 2034	4.50	87,959	3,847
December 27, 2034	4.50	88,949	2,857
March 27, 2035	4.50	89,949	1,857
June 27, 2035	4.50	75,622	846
		<u>\$ 6,375,396</u>	<u>\$ 6,094,882</u>

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1995 C
(PRINCIPAL AND INTEREST PAYMENTS ONLY)
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
September 26, 2001	4.50 %	\$ 18,050	\$ 65,410
December 26, 2001	4.50	18,253	65,207
March 26, 2002	4.50	18,458	65,002
June 26, 2002	4.50	18,666	64,794
September 26, 2002	4.50	18,876	64,584
December 26, 2002	4.50	19,088	64,372
March 26, 2003	4.50	19,303	64,157
June 26, 2003	4.50	19,520	63,940
September 26, 2003	4.50	19,740	63,720
December 26, 2003	4.50	19,962	63,498
March 26, 2004	4.50	20,187	63,273
June 26, 2004	4.50	20,414	63,046
September 26, 2004	4.50	20,643	62,817
December 26, 2004	4.50	20,876	62,584
March 26, 2005	4.50	21,110	62,350
June 26, 2005	4.50	21,348	62,112
September 26, 2005	4.50	21,588	61,872
December 26, 2005	4.50	21,831	61,629
March 26, 2006	4.50	22,077	61,383
June 26, 2006	4.50	22,325	61,135
September 26, 2006	4.50	22,576	60,884
December 26, 2006	4.50	22,830	60,630
March 26, 2007	4.50	23,087	60,373
June 26, 2007	4.50	23,347	60,113
September 26, 2007	4.50	23,609	59,851
December 26, 2007	4.50	23,875	59,585
March 26, 2008	4.50	24,143	59,317
June 26, 2008	4.50	24,415	59,045
September 26, 2008	4.50	24,690	58,770
December 26, 2008	4.50	24,967	58,493
March 26, 2009	4.50	25,248	58,212
June 26, 2009	4.50	25,532	57,928
September 26, 2009	4.50	25,820	57,640
December 26, 2009	4.50	26,110	57,350
March 26, 2010	4.50	26,404	57,056
June 26, 2010	4.50	26,701	56,759
September 26, 2010	4.50	27,001	56,459
December 26, 2010	4.50	27,305	56,155
March 26, 2011	4.50	27,612	55,848
June 26, 2011	4.50	27,923	55,537
September 26, 2011	4.50	28,237	55,223
December 26, 2011	4.50	28,555	54,905
March 26, 2012	4.50	28,876	54,584
June 26, 2012	4.50	29,201	54,259
September 26, 2012	4.50	29,529	53,931
December 26, 2012	4.50	29,861	53,599
March 26, 2013	4.50	30,197	53,263
June 26, 2013	4.50	30,537	52,923
September 26, 2013	4.50	30,881	52,579
December 26, 2013	4.50	31,228	52,232
March 26, 2014	4.50	31,579	51,881
June 26, 2014	4.50	31,935	51,525
September 26, 2014	4.50	32,294	51,166
December 26, 2014	4.50	32,657	50,803
March 26, 2015	4.50	33,025	50,435

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1995 C
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
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Date of Maturity	Coupon	Principal Maturity	Interest Payable
June 26, 2015	4.50 %	\$ 33,396	\$ 50,064
September 26, 2015	4.50	33,772	49,688
December 26, 2015	4.50	34,152	49,308
March 26, 2016	4.50	34,536	48,924
June 26, 2016	4.50	34,925	48,535
September 26, 2016	4.50	35,317	48,143
December 26, 2016	4.50	35,715	47,745
March 26, 2017	4.50	36,117	47,343
June 26, 2017	4.50	36,523	46,937
September 26, 2017	4.50	36,934	46,526
December 26, 2017	4.50	37,349	46,111
March 26, 2018	4.50	37,769	45,691
June 26, 2018	4.50	38,194	45,266
September 26, 2018	4.50	38,624	44,836
December 26, 2018	4.50	39,059	44,401
March 26, 2019	4.50	39,498	43,962
June 26, 2019	4.50	39,942	43,518
September 26, 2019	4.50	40,392	43,068
December 26, 2019	4.50	40,846	42,614
March 26, 2020	4.50	41,306	42,154
June 26, 2020	4.50	41,770	41,690
September 26, 2020	4.50	42,240	41,220
December 26, 2020	4.50	42,715	40,745
March 26, 2021	4.50	43,196	40,264
June 26, 2021	4.50	43,682	39,778
September 26, 2021	4.50	44,173	39,287
December 26, 2021	4.50	44,670	38,790
March 26, 2022	4.50	45,173	38,287
June 26, 2022	4.50	45,681	37,779
September 26, 2022	4.50	46,195	37,265
December 26, 2022	4.50	46,715	36,745
March 26, 2023	4.50	47,240	36,220
June 26, 2023	4.50	47,772	35,688
September 26, 2023	4.50	48,309	35,151
December 26, 2023	4.50	48,852	34,608
March 26, 2024	4.50	49,402	34,058
June 26, 2024	4.50	49,958	33,502
September 26, 2024	4.50	50,520	32,940
December 26, 2024	4.50	51,088	32,372
March 26, 2025	4.50	51,663	31,797
June 26, 2025	4.50	52,244	31,216
September 26, 2025	4.50	52,832	30,628
December 26, 2025	4.50	53,426	30,034
March 26, 2026	4.50	54,027	29,433
June 26, 2026	4.50	54,635	28,825
September 26, 2026	4.50	55,250	28,210
December 26, 2026	4.50	55,871	27,589
March 26, 2027	4.50	56,500	26,960
June 26, 2027	4.50	57,135	26,325
September 26, 2027	4.50	57,778	25,682
December 26, 2027	4.50	58,428	25,032
March 26, 2028	4.50	59,086	24,374
June 26, 2028	4.50	59,750	23,710
September 26, 2028	4.50	60,422	23,038
December 26, 2028	4.50	61,102	22,358

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1995 C
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 26, 2029	4.50 %	\$ 61,790	\$ 21,670
June 26, 2029	4.50	62,485	20,975
September 26, 2029	4.50	63,188	20,272
December 26, 2029	4.50	63,899	19,561
March 26, 2030	4.50	64,617	18,843
June 26, 2030	4.50	65,344	18,116
September 26, 2030	4.50	66,080	17,381
December 26, 2030	4.50	66,823	16,637
March 26, 2031	4.50	67,575	15,885
June 26, 2031	4.50	68,335	15,125
September 26, 2031	4.50	69,104	14,356
December 26, 2031	4.50	69,881	13,579
March 26, 2032	4.50	70,667	12,793
June 26, 2032	4.50	71,462	11,998
September 26, 2032	4.50	72,266	11,194
December 26, 2032	4.50	73,079	10,381
March 26, 2033	4.50	73,901	9,559
June 26, 2033	4.50	74,733	8,727
September 26, 2033	4.50	75,573	7,887
December 26, 2033	4.50	76,424	7,036
March 26, 2034	4.50	77,283	6,177
June 26, 2034	4.50	78,153	5,307
September 26, 2034	4.50	79,032	4,428
December 26, 2034	4.50	79,921	3,539
March 26, 2035	4.50	80,820	2,640
June 26, 2035	4.50	81,730	1,730
September 26, 2035	4.50	71,247	810
		<u>\$ 5,813,380</u>	<u>\$ 5,609,238</u>

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1995 D
(PRINCIPAL AND INTEREST PAYMENTS ONLY)
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Date of Maturity	Coupon	Principal Maturity	Interest Payable
September 22, 2001	4.50 %	\$ 8,925	\$ 32,805
December 22, 2001	4.50	9,025	32,705
March 22, 2002	4.50	9,127	32,603
June 22, 2002	4.50	9,229	32,501
September 22, 2002	4.50	9,333	32,397
December 22, 2002	4.50	9,438	32,292
March 22, 2003	4.50	9,544	32,186
June 22, 2003	4.50	9,652	32,078
September 22, 2003	4.50	9,760	31,970
December 22, 2003	4.50	9,870	31,860
March 22, 2004	4.50	9,981	31,749
June 22, 2004	4.50	10,093	31,637
September 22, 2004	4.50	10,207	31,523
December 22, 2004	4.50	10,322	31,408
March 22, 2005	4.50	10,438	31,292
June 22, 2005	4.50	10,555	31,175
September 22, 2005	4.50	10,674	31,056
December 22, 2005	4.50	10,794	30,936
March 22, 2006	4.50	10,915	30,815
June 22, 2006	4.50	11,038	30,692
September 22, 2006	4.50	11,162	30,568
December 22, 2006	4.50	11,288	30,442
March 22, 2007	4.50	11,415	30,315
June 22, 2007	4.50	11,543	30,187
September 22, 2007	4.50	11,673	30,057
December 22, 2007	4.50	11,805	29,925
March 22, 2008	4.50	11,937	29,793
June 22, 2008	4.50	12,072	29,658
September 22, 2008	4.50	12,208	29,522
December 22, 2008	4.50	12,345	29,385
March 22, 2009	4.50	12,484	29,246
June 22, 2009	4.50	12,624	29,106
September 22, 2009	4.50	12,766	28,964
December 22, 2009	4.50	12,910	28,820
March 22, 2010	4.50	13,055	28,675
June 22, 2010	4.50	13,202	28,528
September 22, 2010	4.50	13,350	28,380
December 22, 2010	4.50	13,500	28,229
March 22, 2011	4.50	13,653	28,077
June 22, 2011	4.50	13,806	27,924
September 22, 2011	4.50	13,961	27,769
December 22, 2011	4.50	14,118	27,612
March 22, 2012	4.50	14,277	27,453
June 22, 2012	4.50	14,438	27,292
September 22, 2012	4.50	14,600	27,130
December 22, 2012	4.50	14,765	26,965
March 22, 2013	4.50	14,931	26,799
June 22, 2013	4.50	15,099	26,631
September 22, 2013	4.50	15,269	26,461
December 22, 2013	4.50	15,440	26,290
March 22, 2014	4.50	15,614	26,116
June 22, 2014	4.50	15,790	25,940
September 22, 2014	4.50	15,967	25,763
December 22, 2014	4.50	16,147	25,583
March 22, 2015	4.50	16,329	25,401

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1995 D
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
June 22, 2015	4.50 %	\$ 16,512	\$ 25,218
September 22, 2015	4.50	16,698	25,032
December 22, 2015	4.50	16,886	24,844
March 22, 2016	4.50	17,076	24,654
June 22, 2016	4.50	17,268	24,462
September 22, 2016	4.50	17,462	24,268
December 22, 2016	4.50	17,659	24,071
March 22, 2017	4.50	17,857	23,873
June 22, 2017	4.50	18,058	23,672
September 22, 2017	4.50	18,261	23,469
December 22, 2017	4.50	18,467	23,263
March 22, 2018	4.50	18,675	23,055
June 22, 2018	4.50	18,885	22,845
September 22, 2018	4.50	19,097	22,633
December 22, 2018	4.50	19,312	22,418
March 22, 2019	4.50	19,529	22,201
June 22, 2019	4.50	19,749	21,981
September 22, 2019	4.50	19,971	21,759
December 22, 2019	4.50	20,196	21,534
March 22, 2020	4.50	20,423	21,307
June 22, 2020	4.50	20,653	21,077
September 22, 2020	4.50	20,885	20,845
December 22, 2020	4.50	21,120	20,610
March 22, 2021	4.50	21,358	20,372
June 22, 2021	4.50	21,598	20,132
September 22, 2021	4.50	21,841	19,889
December 22, 2021	4.50	22,087	19,643
March 22, 2022	4.50	22,335	19,395
June 22, 2022	4.50	22,586	19,144
September 22, 2022	4.50	22,840	18,890
December 22, 2022	4.50	23,097	18,633
March 22, 2023	4.50	23,357	18,373
June 22, 2023	4.50	23,620	18,110
September 22, 2023	4.50	23,886	17,844
December 22, 2023	4.50	24,154	17,576
March 22, 2024	4.50	24,426	17,304
June 22, 2024	4.50	24,701	17,029
September 22, 2024	4.50	24,979	16,751
December 22, 2024	4.50	25,260	16,470
March 22, 2025	4.50	25,544	16,186
June 22, 2025	4.50	25,831	15,899
September 22, 2025	4.50	26,122	15,608
December 22, 2025	4.50	26,416	15,314
March 22, 2026	4.50	26,713	15,017
June 22, 2026	4.50	27,014	14,716
September 22, 2026	4.50	27,318	14,412
December 22, 2026	4.50	27,625	14,105
March 22, 2027	4.50	27,936	13,794
June 22, 2027	4.50	28,250	13,480
September 22, 2027	4.50	28,568	13,162
December 22, 2027	4.50	28,889	12,841
March 22, 2028	4.50	29,214	12,516
June 22, 2028	4.50	29,543	12,187
September 22, 2028	4.50	29,875	11,855
December 22, 2028	4.50	30,211	11,519

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1995 D
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 22, 2029	4.50 %	\$ 30,551	\$ 11,179
June 22, 2029	4.50	30,895	10,835
September 22, 2029	4.50	31,242	10,488
December 22, 2029	4.50	31,594	10,136
March 22, 2030	4.50	31,949	9,781
June 22, 2030	4.50	32,309	9,421
September 22, 2030	4.50	32,672	9,058
December 22, 2030	4.50	33,040	8,690
March 22, 2031	4.50	33,411	8,319
June 22, 2031	4.50	33,787	7,943
September 22, 2031	4.50	34,167	7,563
December 22, 2031	4.50	34,552	7,178
March 22, 2032	4.50	34,941	6,789
June 22, 2032	4.50	35,334	6,396
September 22, 2032	4.50	35,731	5,999
December 22, 2032	4.50	36,133	5,597
March 22, 2033	4.50	36,540	5,190
June 22, 2033	4.50	36,951	4,779
September 22, 2033	4.50	37,366	4,364
December 22, 2033	4.50	37,787	3,943
March 22, 2034	4.50	38,212	3,518
June 22, 2034	4.50	38,642	3,088
September 22, 2034	4.50	39,076	2,654
December 22, 2034	4.50	39,516	2,214
March 22, 2035	4.50	39,961	1,769
June 22, 2035	4.50	40,410	1,320
September 22, 2035	4.50	40,865	865
December 22, 2035	4.50	35,694	405
		<u>\$ 2,915,684</u>	<u>\$ 2,837,424</u>

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1996
(PRINCIPAL AND INTEREST PAYMENTS ONLY)
JUNE 30, 2001

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Date of Maturity	Coupon	Principal Maturity	Interest Payable
July 17, 2001	4.50 %	\$ 1,291	\$ 4,965
October 17, 2001	4.50	1,306	4,950
January 17, 2002	4.50	1,320	4,936
April 17, 2002	4.50	1,335	4,921
July 17, 2002	4.50	1,350	4,906
October 17, 2002	4.50	1,365	4,891
January 17, 2003	4.50	1,381	4,875
April 17, 2003	4.50	1,396	4,860
July 17, 2003	4.50	1,412	4,844
October 17, 2003	4.50	1,428	4,828
January 17, 2004	4.50	1,444	4,812
April 17, 2004	4.50	1,460	4,796
July 17, 2004	4.50	1,477	4,779
October 17, 2004	4.50	1,493	4,763
January 17, 2005	4.50	1,510	4,746
April 17, 2005	4.50	1,527	4,729
July 17, 2005	4.50	1,544	4,712
October 17, 2005	4.50	1,562	4,694
January 17, 2006	4.50	1,579	4,677
April 17, 2006	4.50	1,597	4,659
July 17, 2006	4.50	1,615	4,641
October 17, 2006	4.50	1,633	4,623
January 17, 2007	4.50	1,652	4,604
April 17, 2007	4.50	1,670	4,586
July 17, 2007	4.50	1,689	4,567
October 17, 2007	4.50	1,708	4,548
January 17, 2008	4.50	1,727	4,529
April 17, 2008	4.50	1,747	4,509
July 17, 2008	4.50	1,766	4,490
October 17, 2008	4.50	1,786	4,470
January 17, 2009	4.50	1,806	4,450
April 17, 2009	4.50	1,826	4,430
July 17, 2009	4.50	1,847	4,409
October 17, 2009	4.50	1,868	4,388
January 17, 2010	4.50	1,889	4,367
April 17, 2010	4.50	1,910	4,346
July 17, 2010	4.50	1,932	4,324
October 17, 2010	4.50	1,953	4,303
January 17, 2011	4.50	1,975	4,281
April 17, 2011	4.50	1,997	4,259
July 17, 2011	4.50	2,020	4,236
October 17, 2011	4.50	2,043	4,213
January 17, 2012	4.50	2,066	4,190
April 17, 2012	4.50	2,089	4,167
July 17, 2012	4.50	2,112	4,144
October 17, 2012	4.50	2,136	4,120
January 17, 2013	4.50	2,160	4,096
April 17, 2013	4.50	2,184	4,072
July 17, 2013	4.50	2,209	4,047
October 17, 2013	4.50	2,234	4,022
January 17, 2014	4.50	2,259	3,997
April 17, 2014	4.50	2,284	3,972
July 17, 2014	4.50	2,310	3,946
October 17, 2014	4.50	2,336	3,920
January 17, 2015	4.50	2,362	3,894

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1996
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
April 17, 2015	4.50 %	\$ 2,389	\$ 3,867
July 17, 2015	4.50	2,415	3,840
October 17, 2015	4.50	2,443	3,813
January 17, 2016	4.50	2,471	3,785
April 17, 2016	4.50	2,498	3,758
July 17, 2016	4.50	2,526	3,730
October 17, 2016	4.50	2,555	3,701
January 17, 2017	4.50	2,584	3,672
April 17, 2017	4.50	2,613	3,643
July 17, 2017	4.50	2,642	3,614
October 17, 2017	4.50	2,672	3,584
January 17, 2018	4.50	2,702	3,554
April 17, 2018	4.50	2,732	3,524
July 17, 2018	4.50	2,763	3,493
October 17, 2018	4.50	2,794	3,462
January 17, 2019	4.50	2,825	3,431
April 17, 2019	4.50	2,857	3,398
July 17, 2019	4.50	2,889	3,367
October 17, 2019	4.50	2,923	3,334
January 17, 2020	4.50	2,955	3,301
April 17, 2020	4.50	2,988	3,268
July 17, 2020	4.50	3,022	3,234
October 17, 2020	4.50	3,056	3,200
January 17, 2021	4.50	3,090	3,166
April 17, 2021	4.50	3,125	3,131
July 17, 2021	4.50	3,160	3,096
October 17, 2021	4.50	3,195	3,061
January 17, 2022	4.50	3,231	3,025
April 17, 2022	4.50	3,268	2,988
July 17, 2022	4.50	3,305	2,951
October 17, 2022	4.50	3,342	2,914
January 17, 2023	4.50	3,379	2,877
April 17, 2023	4.50	3,417	2,839
July 17, 2023	4.50	3,456	2,800
October 17, 2023	4.50	3,495	2,761
January 17, 2024	4.50	3,534	2,722
April 17, 2024	4.50	3,574	2,682
July 17, 2024	4.50	3,614	2,642
October 17, 2024	4.50	3,655	2,601
January 17, 2025	4.50	3,696	2,560
April 17, 2025	4.50	3,737	2,519
July 17, 2025	4.50	3,779	2,477
October 17, 2025	4.50	3,822	2,434
January 17, 2026	4.50	3,865	2,391
April 17, 2026	4.50	3,908	2,348
July 17, 2026	4.50	3,952	2,304
October 17, 2026	4.50	3,997	2,259
January 17, 2027	4.50	4,042	2,214
April 17, 2027	4.50	4,087	2,169
July 17, 2027	4.50	4,133	2,123
October 17, 2027	4.50	4,180	2,076
January 17, 2028	4.50	4,227	2,029
April 17, 2028	4.50	4,274	1,982
July 17, 2028	4.50	4,322	1,934
October 17, 2028		4,371	1,885

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1996
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
January 17, 2029	4.50 %	\$ 4,420	\$ 1,836
April 17, 2029	4.50	4,470	1,786
July 17, 2029	4.50	4,520	1,736
October 17, 2029	4.50	4,571	1,685
January 17, 2030	4.50	4,622	1,634
April 17, 2030	4.50	4,674	1,582
July 17, 2030	4.50	4,727	1,529
October 17, 2030	4.50	4,780	1,476
January 17, 2031	4.50	4,834	1,422
April 17, 2031	4.50	4,888	1,368
July 17, 2031	4.50	4,943	1,313
October 17, 2031	4.50	4,999	1,257
January 17, 2032	4.50	5,055	1,201
April 17, 2032	4.50	5,112	1,144
July 17, 2032	4.50	5,170	1,086
October 17, 2032	4.50	5,228	1,028
January 17, 2033	4.50	5,287	969
April 17, 2033	4.50	5,346	910
July 17, 2033	4.50	5,406	850
October 17, 2033	4.50	5,467	789
January 17, 2034	4.50	5,528	728
April 17, 2034	4.50	5,590	665
July 17, 2034	4.50	5,654	602
October 17, 2034	4.50	5,717	539
January 17, 2035	4.50	5,781	475
April 17, 2035	4.50	5,847	409
July 17, 2035	4.50	5,912	344
October 17, 2035	4.50	5,979	277
January 17, 2036	4.50	6,046	210
April 17, 2036	4.50	6,114	142
July 17, 2036	4.50	5,141	73
October 17, 2036	4.50	2,116	3
		<u>\$ 442,067</u>	<u>\$ 441,104</u>

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 1997
(PRINCIPAL AND INTEREST PAYMENTS ONLY)
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
June 15, 2002	1.50 %	\$ 440,264	\$ 152,708
June 15, 2003	1.50	446,868	146,104
June 15, 2004	1.50	453,571	139,401
June 15, 2005	1.50	460,375	132,597
June 15, 2006	1.50	467,280	125,692
June 15, 2007	1.50	474,290	118,682
June 15, 2008	1.50	481,404	111,568
June 15, 2009	1.50	488,625	104,347
June 15, 2010	1.50	495,954	97,018
June 15, 2011	1.50	503,394	89,578
June 15, 2012	1.50	510,945	82,027
June 15, 2013	1.50	518,609	74,363
June 15, 2014	1.50	526,388	66,584
June 15, 2015	1.50	534,284	58,688
June 15, 2016	1.50	542,298	50,674
June 15, 2017	1.50	550,432	42,540
June 15, 2018	1.50	558,689	34,283
June 15, 2019	1.50	567,069	25,903
June 15, 2020	1.50	575,575	17,397
June 15, 2021	1.50	584,211	8,761
		<u>\$ 10,180,525</u>	<u>\$ 1,678,915</u>

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 2000
(PRINCIPAL AND INTEREST PAYMENTS ONLY)
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 15, 2002	1.50 %	\$ -	\$ 34,857
September 15, 2002	1.50	-	34,857
March 15, 2003	1.50	100,063	34,857
September 15, 2003	1.50	100,813	34,107
March 15, 2004	1.50	101,569	33,351
September 15, 2004	1.50	102,331	32,589
March 15, 2005	1.50	103,099	31,821
September 15, 2005	1.50	103,872	31,048
March 15, 2006	1.50	104,651	30,269
September 15, 2006	1.50	105,436	29,484
March 15, 2007	1.50	106,227	28,693
September 15, 2007	1.50	107,023	27,897
March 15, 2008	1.50	107,826	27,094
September 15, 2008	1.50	108,635	26,285
March 15, 2009	1.50	109,449	25,471
September 15, 2009	1.50	110,270	24,650
March 15, 2010	1.50	111,097	23,823
September 15, 2010	1.50	111,931	22,989
March 15, 2011	1.50	112,770	22,150
September 15, 2011	1.50	113,616	21,304
March 15, 2012	1.50	114,468	20,452
September 15, 2012	1.50	115,327	19,593
March 15, 2013	1.50	116,191	18,729
September 15, 2013	1.50	117,063	17,857
March 15, 2014	1.50	117,941	16,979
September 15, 2014	1.50	118,825	16,095
March 15, 2015	1.50	119,717	15,203
September 15, 2015	1.50	120,614	14,306
March 15, 2016	1.50	121,519	13,401
September 15, 2016	1.50	122,430	12,490
March 15, 2017	1.50	123,349	11,571
September 15, 2017	1.50	124,274	10,646
March 15, 2018	1.50	125,206	9,714
September 15, 2018	1.50	126,145	8,775
March 15, 2019	1.50	127,091	7,829
September 15, 2019	1.50	128,044	6,876
March 15, 2020	1.50	129,005	5,915
September 15, 2020	1.50	129,972	4,948
March 15, 2021	1.50	130,947	3,973
September 15, 2021	1.50	131,929	2,991
March 15, 2022	1.50	132,918	2,002
September 15, 2022	1.50	133,917	990
		<u>\$ 4,647,570</u>	<u>\$ 818,931</u>

Accrued interest during construction will be included in the principal amount and amortized over the life of the loan upon project completion.

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 2000
(PRINCIPAL AND INTEREST PAYMENTS ONLY)
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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
February 15, 2004	1.50 %	\$ -	\$ 441
August 15, 2004	1.50	-	441
February 15, 2005	1.50	1,344	442
August 15, 2005	1.50	1,355	431
February 15, 2006	1.50	1,365	421
August 15, 2006	1.50	1,375	411
February 15, 2007	1.50	1,385	401
August 15, 2007	1.50	1,396	390
February 15, 2008	1.50	1,406	380
August 15, 2008	1.50	1,417	369
February 15, 2009	1.50	1,427	359
August 15, 2009	1.50	1,438	348
February 15, 2010	1.50	1,449	337
August 15, 2010	1.50	1,460	326
February 15, 2011	1.50	1,471	315
August 15, 2011	1.50	1,482	304
February 15, 2012	1.50	1,493	293
August 15, 2012	1.50	1,504	282
February 15, 2013	1.50	1,515	271
August 15, 2013	1.50	1,527	259
February 15, 2014	1.50	1,538	248
August 15, 2014	1.50	1,550	236
February 15, 2015	1.50	1,561	225
August 15, 2015	1.50	1,573	213
February 15, 2016	1.50	1,585	201
August 15, 2016	1.50	1,597	189
February 15, 2017	1.50	1,609	177
August 15, 2017	1.50	1,621	165
February 15, 2018	1.50	1,633	153
August 15, 2018	1.50	1,645	141
February 15, 2019	1.50	1,657	129
August 15, 2019	1.50	1,670	116
February 15, 2020	1.50	1,682	104
August 15, 2020	1.50	1,695	91
February 15, 2021	1.50	1,708	78
August 15, 2021	1.50	1,720	66
February 15, 2022	1.50	1,733	53
August 15, 2022	1.50	1,746	40
February 15, 2023	1.50	1,759	27
August 15, 2023	1.50	1,768	14
		<u>\$ 58,859</u>	<u>\$ 9,887</u>

Accrued interest during construction will be included in the principal amount and amortized over the life of the loan upon project completion.

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 2001
(PRINCIPAL AND INTEREST PAYMENTS ONLY)
JUNE 30, 2001

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Date of Maturity	Coupon	Principal Maturity	Interest Payable
September 1, 2001	4.50 %	\$ 22,598	\$ 112,489
December 1, 2001	4.50	22,852	112,235
March 1, 2002	4.50	23,109	111,978
June 1, 2002	4.50	23,369	111,718
September 1, 2002	4.50	23,632	111,455
December 1, 2002	4.50	23,898	111,189
March 1, 2003	4.50	24,167	110,920
June 1, 2003	4.50	24,439	110,648
September 1, 2003	4.50	24,714	110,373
December 1, 2003	4.50	24,992	110,095
March 1, 2004	4.50	25,273	109,814
June 1, 2004	4.50	25,558	109,529
September 1, 2004	4.50	25,845	109,242
December 1, 2004	4.50	26,136	108,951
March 1, 2005	4.50	26,430	108,657
June 1, 2005	4.50	26,727	108,360
September 1, 2005	4.50	27,028	108,059
December 1, 2005	4.50	27,332	107,755
March 1, 2006	4.50	27,639	107,448
June 1, 2006	4.50	27,950	107,137
September 1, 2006	4.50	28,265	106,822
December 1, 2006	4.50	28,583	106,504
March 1, 2007	4.50	28,904	106,183
June 1, 2007	4.50	29,229	105,858
September 1, 2007	4.50	29,558	105,529
December 1, 2007	4.50	29,891	105,196
March 1, 2008	4.50	30,227	104,860
June 1, 2008	4.50	30,567	104,520
September 1, 2008	4.50	30,911	104,176
December 1, 2008	4.50	31,259	103,828
March 1, 2009	4.50	31,610	103,477
June 1, 2009	4.50	31,967	103,120
September 1, 2009	4.50	32,326	102,761
December 1, 2009	4.50	32,689	102,398
March 1, 2010	4.50	33,057	102,030
June 1, 2010	4.50	33,429	101,658
September 1, 2010	4.50	33,805	101,282
December 1, 2010	4.50	34,185	100,902
March 1, 2011	4.50	34,570	100,517
June 1, 2011	4.50	34,959	100,128
September 1, 2011	4.50	35,352	99,735
December 1, 2011	4.50	35,750	99,337
March 1, 2012	4.50	36,152	98,935
June 1, 2012	4.50	36,559	98,528
September 1, 2012	4.50	36,970	98,117
December 1, 2012	4.50	37,386	97,701
March 1, 2013	4.50	37,807	97,280
June 1, 2013	4.50	38,232	96,855
September 1, 2013	4.50	38,662	96,425
December 1, 2013	4.50	39,097	95,990
March 1, 2014	4.50	39,537	95,550
June 1, 2014	4.50	39,982	95,105
September 1, 2014	4.50	40,431	94,656
December 1, 2014	4.50	40,886	94,201
March 1, 2015	4.50	41,346	93,741

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 2001
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
JUNE 30, 2001

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Date of Maturity	Coupon	Principal Maturity	Interest Payable
June 1, 2015	4.50 %	\$ 41,811	\$ 93,276
September 1, 2015	4.50	42,282	92,805
December 1, 2015	4.50	42,757	92,330
March 1, 2016	4.50	43,238	91,849
June 1, 2016	4.50	43,725	91,362
September 1, 2016	4.50	44,217	90,870
December 1, 2016	4.50	44,714	90,373
March 1, 2017	4.50	45,217	89,870
June 1, 2017	4.50	45,726	89,361
September 1, 2017	4.50	46,240	88,847
December 1, 2017	4.50	46,761	88,326
March 1, 2018	4.50	47,287	87,800
June 1, 2018	4.50	47,819	87,268
September 1, 2018	4.50	48,357	86,730
December 1, 2018	4.50	48,901	86,186
March 1, 2019	4.50	49,451	85,636
June 1, 2019	4.50	50,007	85,080
September 1, 2019	4.50	50,570	84,517
December 1, 2019	4.50	51,138	83,949
March 1, 2020	4.50	51,714	83,373
June 1, 2020	4.50	52,296	82,791
September 1, 2020	4.50	52,884	82,203
December 1, 2020	4.50	53,479	81,608
March 1, 2021	4.50	54,080	81,007
June 1, 2021	4.50	54,689	80,398
September 1, 2021	4.50	55,304	79,783
December 1, 2021	4.50	55,926	79,161
March 1, 2022	4.50	56,555	78,532
June 1, 2022	4.50	57,192	77,895
September 1, 2022	4.50	57,835	77,252
December 1, 2022	4.50	58,486	76,601
March 1, 2023	4.50	59,144	75,943
June 1, 2023	4.50	59,809	75,278
September 1, 2023	4.50	60,482	74,605
December 1, 2023	4.50	61,162	73,925
March 1, 2024	4.50	61,850	73,237
June 1, 2024	4.50	62,546	72,541
September 1, 2024	4.50	63,250	71,837
December 1, 2024	4.50	63,961	71,126
March 1, 2025	4.50	64,681	70,406
June 1, 2025	4.50	65,409	69,678
September 1, 2025	4.50	66,145	68,942
December 1, 2025	4.50	66,889	68,198
March 1, 2026	4.50	67,641	67,446
June 1, 2026	4.50	68,402	66,685
September 1, 2026	4.50	69,172	65,915
December 1, 2026	4.50	69,950	65,137
March 1, 2027	4.50	70,737	64,350
June 1, 2027	4.50	71,533	63,554
September 1, 2027	4.50	72,337	62,750
December 1, 2027	4.50	73,151	61,936
March 1, 2028	4.50	73,974	61,113
June 1, 2028	4.50	74,806	60,281
September 1, 2028	4.50	75,648	59,439
December 1, 2028	4.50	76,499	58,588

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF BONDED DEBT GENERAL OBLIGATION - 2001
(PRINCIPAL AND INTEREST PAYMENTS ONLY) - CONTINUED
JUNE 30, 2001

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<u>Date of Maturity</u>	<u>Coupon</u>	<u>Principal Maturity</u>	<u>Interest Payable</u>
March 1, 2029	4.50 %	\$ 77,359	\$ 57,728
June 1, 2029	4.50	78,230	56,857
September 1, 2029	4.50	79,110	55,977
December 1, 2029	4.50	80,000	55,087
March 1, 2030	4.50	80,900	54,187
June 1, 2030	4.50	81,810	53,277
September 1, 2030	4.50	82,730	52,357
December 1, 2030	4.50	83,661	51,426
March 1, 2031	4.50	84,602	50,485
June 1, 2031	4.50	85,554	49,533
September 1, 2031	4.50	86,517	48,570
December 1, 2031	4.50	87,490	47,597
March 1, 2032	4.50	88,474	46,613
June 1, 2032	4.50	89,469	45,618
September 1, 2032	4.50	90,476	44,611
December 1, 2032	4.50	91,494	43,593
March 1, 2033	4.50	92,523	42,564
June 1, 2033	4.50	93,564	41,523
September 1, 2033	4.50	94,617	40,470
December 1, 2033	4.50	95,681	39,406
March 1, 2034	4.50	96,757	38,330
June 1, 2034	4.50	97,846	37,241
September 1, 2034	4.50	98,947	36,140
December 1, 2034	4.50	100,060	35,027
March 1, 2035	4.50	101,186	33,901
June 1, 2035	4.50	102,324	32,763
September 1, 2035	4.50	103,475	31,612
December 1, 2035	4.50	104,639	30,448
March 1, 2036	4.50	105,816	29,271
June 1, 2036	4.50	107,007	28,080
September 1, 2036	4.50	108,211	26,876
December 1, 2036	4.50	109,428	25,659
March 1, 2037	4.50	110,659	24,428
June 1, 2037	4.50	111,904	23,183
September 1, 2037	4.50	113,163	21,924
December 1, 2037	4.50	114,436	20,651
March 1, 2038	4.50	115,723	19,364
June 1, 2038	4.50	117,025	18,062
September 1, 2038	4.50	118,342	16,745
December 1, 2038	4.50	119,673	15,414
March 1, 2039	4.50	121,019	14,068
June 1, 2039	4.50	122,381	12,706
September 1, 2039	4.50	123,758	11,329
December 1, 2039	4.50	125,150	9,937
March 1, 2040	4.50	126,558	8,529
June 1, 2040	4.50	127,982	7,105
September 1, 2040	4.50	129,421	5,666
December 1, 2040	4.50	130,877	4,210
March 1, 2041	4.50	132,350	2,737
June 1, 2041	4.50	110,958	1,247
		<u>\$ 9,999,000</u>	<u>\$ 11,592,038</u>

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF ASSESSED VALUATION OF REAL ESTATE
FOR THE FIFTEEN YEARS THROUGH JUNE 30, 2001

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Assessment Date	Assessed Valuation	Rate Per \$ 100 *	Property Tax Levy
May 1, 1987	\$ 1,046,049,852	0.3315	\$ 3,467,655
May 1, 1988	1,096,641,381	0.3032	3,325,017
May 1, 1989	1,224,501,449	0.3084	3,776,362
May 1, 1990	1,281,490,880	0.3484	4,464,714
May 1, 1991	1,341,864,218	0.3484	4,675,055
May 1, 1992	1,395,229,750	0.3697	5,158,164
May 1, 1993	1,438,309,091	0.3697	5,317,429
May 1, 1994	1,487,150,602	0.3697	5,497,996
May 1, 1995	1,535,992,333	0.3697	5,678,564
May 1, 1996	1,584,604,387	0.3697	5,858,282
May 1, 1997	1,644,541,934	0.3697	6,079,872
May 1, 1998	1,692,448,764	0.3697	6,256,983
May 1, 1999	1,759,988,579	0.3697	6,506,678
May 1, 2000	1,833,503,269	0.3697	6,778,462
May 1, 2001	1,913,170,693	0.3697	7,072,992

* The tax rates shown are the County rates for operating purposes. These rates do not include the rates for funding bonds or the County library system.

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF REVENUES AND EXPENDITURES (CONDENSED) - GENERAL FUND
FOR THE TWENTY-FOUR YEARS THROUGH JUNE 30, 2001

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<u>Year Ended</u>	<u>Total Revenues and Other Financing Sources</u>	<u>Total Expenditures, Other Financing Uses and Residual Transfers</u>	<u>Revenues Over (Under) Expenditures</u>
June 30, 1978	\$ 3,017,587	\$ 2,944,327	\$ 73,260
June 30, 1979	3,211,534	3,327,193	(115,659)
June 30, 1980	3,412,108	4,030,506	(618,398)
June 30, 1981	4,132,559	4,514,093	(381,534)
June 30, 1982	5,396,279	5,353,716	42,563
June 30, 1983	5,960,285	5,575,652	384,633
June 30, 1984	7,368,435	6,505,440	862,995
June 30, 1985	7,195,223	7,062,005	133,218
June 30, 1986	8,092,891	7,332,618	760,273
June 30, 1987	8,083,881	8,223,857	(139,976)
June 30, 1988	8,747,945	8,038,906	709,039
June 30, 1989	8,785,091	8,498,335	286,756
June 30, 1990	9,450,906	9,813,082	(362,176)
June 30, 1991	11,194,437	10,849,623	344,814
June 30, 1992	13,638,160	12,496,815	1,141,345
June 30, 1993	15,702,048	14,788,446	913,602
June 30, 1994	17,400,655	15,609,340	1,791,315
June 30, 1995	18,691,048	16,649,804	2,041,244
June 30, 1996	19,839,629	18,335,025	1,504,604
June 30, 1997	20,657,168	18,887,201	1,769,967
June 30, 1998	22,748,561	19,577,032	3,171,529
June 30, 1999	27,986,124	21,058,512	6,927,612
June 30, 2000	31,943,432	27,905,314	4,038,118
June 30, 2001	33,372,782	30,856,476	2,516,306

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF INSURANCE
JUNE 30, 2001

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Agent	Company	Policy Number	Term	Coverage - Amount	Cost	Expense	Prepaid
Gordy Insurance Agency	Selective Insurance Co. of America	B811705	01/07/00 - 01/07/01 01/07/01 - 01/07/02	Bond - David Baker - \$ 50,000	\$ 225	\$ 225	\$ -
The Insurance Market, Inc.	Selective Insurance Co. of America	B830584	01/05/99 - 01/07/03	Bond - Robert Reed - \$ 12,000	203	81	122
The Insurance Market, Inc.	Selective Insurance Co. of America	B814259	01/05/01 - 01/05/05	Bond - John Brady - \$ 25,000 State Reimbursement	312 (312)	39 (39)	273 (273)
The Insurance Market, Inc.	Selective Insurance Co. of America	SI-B89100	01/04/99 - 01/04/03	Bond - Ray Ellerman - \$ 5,000	111	44	67
The Insurance Market, Inc.	Selective Insurance Co. of America	B830509	01/05/99 - 01/07/03	Bond - R. Bell - \$ 5,000	203	81	122
The Insurance Market, Inc.	Selective Insurance Co. of America	B830508	01/05/99 - 01/07/03	Bond - H. Clendaniel - \$ 5,000	203	81	122
The Insurance Market, Inc.	Selective Insurance Co. of America	B814259	01/07/97 - 01/05/01	Bond - D. Wilson - \$ 25,000 State Reimbursement	39 (39)	39 (39)	-
J.A. Montgomery, Inc.	Selective Insurance Co. of America	49211	04/18/99 - 04/18/02	National Flood Insurance Program for South Coastal Library - \$ 500,000	3,970	2,216	1,754
J.A. Montgomery, Inc.	Selective Insurance Co. of America	49210	04/18/00 - 04/18/01	National Flood Insurance Program for Milton Library \$ 266,200 Building, \$ 231,500 Contents	11,475	11,475	-
Commerce National Ins.	Selective Insurance Co. of America	49210	04/18/01 - 04/18/02	National Flood Insurance Program for Milton Library \$ 292,800 Building, \$ 243,100 Contents	16,308	3,262	13,046
L & W Insurance Company	Old Republic Insurance, Co.	PR139301	07/01/00 - 07/01/01	Airport and Hanger Keeper's Liability \$ 10,000,000	4,466	4,466	-
Marsh USA, Inc.	American International Companies	4688983	07/01/00 - 07/01/01	Public Officials--Errors & Omissions Liability - \$ 5,000,000	46,420	46,420	-

COUNTY OF SUSSEX, DELAWARE
SCHEDULE OF INSURANCE - CONTINUED
JUNE 30, 2001

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Agent	Company	Policy Number	Term	Coverage - Amount	Cost	Expense	Prepaid
Pratt Insurance Co., Inc.	CNA Insurance Company	WC172359733	07/01/00 - 07/01/01	Worker's Compensation \$100/100/500	\$ 128,103	\$ 128,103	\$ -
Pratt Insurance Co., Inc.	CNA Insurance Company	BM1072389831	07/01/00 - 07/01/01	Boiler & Machinery	7,899	7,899	-
Pratt Insurance Co., Inc.	National Casualty Company	CAO0135625	07/01/00 - 07/01/01	Automobile	89,173	89,173	-
Pratt Insurance Co., Inc.	National Casualty Company	NOO0003218	07/01/00 - 07/01/01	Emergency Dispatcher's Liability	2,500	2,500	-
Pratt Insurance Co., Inc.	National Casualty Company	PL0543524	07/01/00 - 07/01/01	Law Enforcement Liability	6,525	6,525	-
Pratt Insurance Co., Inc.	Scottsdale Insurance Co.	UMS0005020	07/01/00 - 07/01/01	Umbrella Liability, \$ 5,000,000	18,648	18,648	-
Pratt Insurance Co., Inc.	National Casualty Company	CL0058900	07/01/00 - 07/01/01	General Liability	30,677	30,677	-
Pratt Insurance Co., Inc.	CNA Insurance Company	C1072359702	07/01/00 - 07/01/01	Commercial Package - Multiperil	125,322	125,322	-
TOTALS					\$ 492,881	\$ 477,423	\$ 15,458

APPENDIX B

FORM OF OPINION OF BOND COUNSEL

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[Form of Opinion of Bond Counsel]

[Date of Closing]

Sussex County, Delaware
Administrative Office Building
2 The Circle
Georgetown, Delaware 19947

Re: **Sussex County, Delaware**
\$ _____ General Obligation Bonds
Series 2003

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of
[\$ _____] General Obligation Bonds, Series 2003, dated January 15, 2003 (the
"Bonds") by Sussex County, a County of the State of Delaware (the "County").

The Bonds are issued in fully registered form, in denominations of \$5,000, or
integral multiples thereof. The Bonds are issued pursuant to Chapter 70, Title 9, Delaware Code,
as amended, Ordinance No. 1568 adopted by the Sussex County Council (the "Council") on
November 12, 2002 (the "Ordinance") and a Resolution of the County Administrator dated
January 22, 2003 (the "Resolution") for the purpose of (i) refunding certain outstanding
maturities of the Sussex County, Delaware General Obligation Refunding Bonds, Series 1993;
(ii) refunding certain of the Sussex County, Delaware General Obligation Bonds owned by the
United States Department of Agriculture, Rural Utilities Service; and (iii) paying the costs of
issuance of the Bonds.

As bond counsel, we have examined a certified copy of the Ordinance, the
Resolution and the form of Bonds. In addition, we have examined originals (or copies certified or
otherwise identified to our satisfaction) of such other instruments, certificates and documents and
have reviewed such questions of law as we have deemed necessary or appropriate for the purposes
of the opinions rendered below. In such examination we have assumed the genuineness of all
signatures, the authenticity of all documents submitted to us as originals and the conformity to the
original documents of all documents submitted to us as copies.

We have relied on a certificate of the County as to the due execution and delivery of,
and payment for, the Bonds. As to any facts material to our opinion we have, when such facts were
not independently established, relied upon the aforesaid instruments, certificates and documents
including the County's Tax Certificate as to Arbitrage and Instructions as to Compliance with the

Provisions of Section 103(a) of the Internal Revenue Code of 1986, dated the date of issuance of the Bonds and the statement of reasonable expectations of future events set forth in such certificate.

No opinion is expressed herein regarding the accuracy, completeness, sufficiency or fairness of the information set forth in the Official Statement or other offering documents of the County delivered to purchasers of the Bonds and we take no responsibility therefor.

Based on the foregoing, we are of the opinion as of the date hereof and under existing law that:

1. The County is a political subdivision and county of the State of Delaware, and it has the power and authority within all applicable constitutional and legal limitations to issue the Bonds.

2. The Bonds have been duly authorized, executed and delivered and constitute legal, valid and binding obligations of the County, enforceable in accordance with their terms, except as enforcement of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and except as enforcement may also be subject to the exercise of judicial discretion in accordance with general principles of equity in appropriate cases.

3. The County has pledged its full faith and credit for the payment of the principal of and interest on the Bonds, and unless paid from other sources, the County is authorized to levy on all real property taxable by the County such ad valorem taxes as may be necessary to pay the principal of and interest on the Bonds without limitation as to rate or amount except that whenever a total reassessment of taxable properties within the boundaries of the County becomes effective, the County property tax rate levied for the immediately ensuing fiscal year shall not be such as to yield property tax revenues greater than 15% in excess of the total of the property taxes imposed for the fiscal year immediately preceding the fiscal year in which such reassessment shall have become effective as provided in 9 Del.C. §8002(c).

4. The interest on the Bonds is excluded from gross income for Federal income tax purposes and is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals and corporations. However, interest on the Bonds is included in the relevant income computations for calculation of the corporate alternative minimum tax and the corporate environmental tax. The opinions set forth in the first sentence of this paragraph are subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for Federal income tax purposes. The County has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for Federal income tax purposes, retroactive to the date of issuance of the Bonds. We express no opinion regarding other Federal tax consequences arising with respect to the Bonds.

5. So long as the interest on the Bonds is excluded from gross income for Federal income tax purposes, it will also be excluded from taxable income for the purposes of personal and corporate income taxes imposed by The State of Delaware.

Very truly yours,

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APPENDIX C

FORM OF CONTINUING DISCLOSURE AGREEMENT

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SUSSEX COUNTY, DELAWARE
\$ _____ GENERAL OBLIGATION BONDS
SERIES 2003

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement dated [_____, 2003] (the "Disclosure Agreement") is executed and delivered by SUSSEX COUNTY, DELAWARE (the "County") in connection with the issuance of the above captioned bonds (the "Bonds"). The County, intending to be legally bound, hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the County for the benefit of the bondholders from time to time of the Bonds and in order to assist the Participating Underwriter in complying with SEC Rule 15c2-12(b)(5).

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"Additional Bonds" shall mean any indebtedness of the County issued subsequent to the Bonds which the County has declared in writing to be covered by this Disclosure Agreement.

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"County" shall mean Sussex County, Delaware.

"Dissemination Agent" shall mean any agent of the County designated in writing by the County which has filed with the County a written acceptance of such designation.

"Holder" shall mean any registered holder of Bonds, provided however that with respect to any Bond registered in a "street name" or the name of a nominee such as The Depository Trust Company, the term "holder" shall mean any person which produces reasonable documentary evidence that it is a beneficial owner of a Bond.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any successor organization. The current address of the MSRB is:

MUNICIPAL SECURITIES RULEMAKING BOARD
CDINet
1900 Duke Street, Suite 600
Alexandria, VA 22314
(703) 797-6600 (phone) (703) 683-1930 (fax)

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. Currently, the following are National Repositories:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Telephone: (609) 279-3225
Telefax: (609) 279-5962
Email: Munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, NY 10038
Telephone: (212) 771-6999
Telefax: (212) 771-7390 (Secondary Market)
Telefax: (212) 771-7391 (Primary Market)
Email: NRMSIR@FTID.com

Standard & Poor’s J.J. Kenny
Repository
55 Water Street, 45th Floor
New York, NY 10041
Telephone: (212) 438-4595
Telefax: (212) 438-3975
Email: nrmsir_repository@sandp.com

DPC Data, Inc.
One Executive Drive
Fort Lee, New Jersey 07024
Telephone: (201) 346-0701
Telefax: (201) 947-0107
Email: nrmsir@dpdata.com

“Obligated Person” shall have the meaning set forth in the Rule, provided that the sole objective criteria used to select the Obligated Person shall be the entity obligated to repay all debt service with respect to the relevant Bonds. The County has determined that the County is the only Obligated Person with respect to the Bonds.

"Official Statement" shall mean the final Official Statement dated January 22, 2003 relating to the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of any Bonds required to comply with the Rule in connection with the offering of such Bonds.

“Repository” shall mean each National Repository and each State Repository.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, any successor provisions of similar import promulgated by the Securities and Exchange Commission in the future, and any applicable no-action letters and other authoritative interpretations of Rule 15c2-12 released by the Securities and Exchange Commission.

"State" shall mean the State of Delaware.

“State Repository” shall mean any public or private repository or entity designated by the State of Delaware as a state repository for the purpose of the Rule. As of the date of this Agreement, there is no State Repository.

“Tax-exempt” shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than the 1st day of the ninth calendar month immediately following the end of the County's fiscal year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than fifteen (15) Business Days prior to said date, the County shall provide the Annual Report to the Dissemination Agent, if any. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, however, that audited financial statements of the County may be submitted separately from the balance of the Annual Report.

(b) If the County is unable to provide the Annual Report to Repositories by the date required in subsection (a), the County shall send a notice to each Repository (or to the MSRB and to each State Repository) in substantially the form attached as Exhibit A.

(c) The Dissemination Agent, if any, shall (i) determine each year prior to the date for providing the Annual Report, the name and address of each National Repository and each State Repository, if any; and (ii) file a report with the County certifying that the Annual Report has been filed pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

(d) Audited financial statements of the County not submitted as part of the Annual Report shall be provided to each Repository, if and when available to the County, and in any event not more than thirty (30) days after receipt thereof from the County's auditors. In the event that audited financial statements are not submitted as part of the Annual Report, the County shall provide in lieu thereof unaudited financial statements meeting the description set forth in Exhibit B.

(e) The County shall promptly provide written notice of any change in its fiscal year to the MSRB and to each Repository.

SECTION 4. Content of Annual Reports

(a) The County's Annual Report shall contain or incorporate by reference the information listed in Exhibit B with respect to the relevant fiscal year.

(b) Any or all of the information required may be incorporated by reference from other documents, including official statements of debt issues of the County or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The County shall clearly identify each such other document so incorporated by reference.

(c) If any information described in Section 4(a) above can no longer be generated because the operations to which such information relates have been materially changed or discontinued, a statement to that effect shall satisfy the obligations of the County under this Section 4, provided however

that the County shall, to the greatest extent feasible, provide in lieu thereof similar information with respect to any substitute or replacement operations.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the County shall give or cause to be given notice of the occurrence of any of the following events, if material, with respect to the Bonds (each, a “Listed Event”):

1. Principal and interest payment delinquencies;
2. Non payment-related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of Bondholders;
8. Bond calls (other than mandatory sinking fund redemption);
9. Defeasance of Bonds;
10. Release, substitution, or sale of property securing repayment of any Bonds; or
11. Credit rating changes.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall determine if such event would constitute material information for Holders of Bonds, in accordance with the applicable “materiality” standard under then-current securities laws.

If the occurrence of a Listed Event would be material to Holders of Bonds in accordance with the applicable “materiality” standard under then-current securities laws, the County shall in a timely manner file, or cause the Dissemination Agent to file, a notice of such occurrence with the MSRB and each State Repository (if any).

SECTION 6. Accounting Standards. The financial statements described in Section 4(a)(i) above shall be audited by either a certified public accountant or an independent public accountant and shall be prepared in accordance with both (a) generally accepted accounting principles applicable in the preparation of financial statements of municipalities and other public entities as such principles are from time to time promulgated by the Financial Accounting Standards Board, the Governmental Accounting Standards Board, or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body (“GAAP”), and (b) applicable federal and state auditing statutes and regulations; provided, however, that the County may from time to time modify its accounting principles to the extent necessary or desirable to comply with changes in either GAAP or applicable federal and state statutes, regulations, standards and/or guidelines. Any such modification of accounting standards to conform to changes in either GAAP or applicable federal or state auditing statutes, regulations, standards or guidelines shall not constitute an amendment to this Disclosure Agreement within the meaning of Section 9 hereof; however, such modifications shall be disclosed in the first Annual Report to be provided subsequent to such modifications as described in Section 9(b).

SECTION 7. Termination of Reporting Obligation. The County’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination shall occur prior to the final stated maturity of the Bonds, the County shall give notice thereof in the same manner as for a material Listed Event pursuant to Section 5 above.

SECTION 8. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendments.

(a) Notwithstanding any other provision of this Disclosure Agreement, the County may modify or amend this Disclosure Agreement only if such amendment is supported by an opinion of counsel with expertise in federal securities law to the effect that such amendment is permitted or required by the Rule.

(b) The County shall report any modification or amendment of this Disclosure Agreement as required by the Rule. The County shall include as a component of the first Annual Report to be provided subsequent to the relevant amendment, a copy of the amendment, together with a notice explaining in narrative form both (i) the reasons for the amendment, and (ii) the impact of the change in the type of operating data or financial information being provided. To the extent required by the Rule, if the amendment relates to changes in accounting principles to be followed in preparing financial statements, the first Annual Report to be provided subsequent to the relevant amendment shall also include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles and a qualitative (and to the extent reasonably feasible, quantitative) discussion of the differences in the accounting principles and the impact of the change in the accounting principles upon the presentation of the financial information. Written notice of any such change in accounting principles shall be provided in a timely fashion to each Depository.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including disclaimers or any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the County shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the County to comply with any provisions of this Disclosure Agreement, any Participating Underwriter or any bondholder may take such actions as may be necessary and appropriate, including seeking a writ of mandamus or specific performance by court order to cause the County to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default on the Bonds, and the sole remedy under this Disclosure Agreement in the event of any failure of the County to comply with this Disclosure Agreement shall be an action to compel performance; provided however that nothing herein shall limit any bondholder's rights under applicable federal securities law.

SECTION 12. Severability. In case any section or provision of this Disclosure Agreement or any covenant, stipulation, obligation, agreement, or action, or any part thereof, made, assumed, entered into or taken under this Disclosure Agreement, or any application thereof, is for any reason held to be illegal or invalid or is at any time inoperable, such illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of the Disclosure Agreement, or any other covenant, stipulation, obligation, agreement, act or action, or part thereof, made, assumed, entered into or taken

under this Disclosure Agreement, which shall at the time be construed and enforced as if such illegal or invalid or inoperable portion were not contained therein.

SECTION 13. Entire Agreement. This Disclosure Agreement contains the entire agreement of the County with respect to the subject matter hereof and supersedes all prior arrangements and understandings with respect thereto.

SECTION 14. Captions. The captions or headings herein shall be solely for convenience of reference and shall in no way define, limit or describe the scope or intent of any provisions or sections hereof.

SECTION 15. Beneficiaries. This Disclosure Agreement is being entered into solely for the benefit of the Participating Underwriter and Holders from time to time of the Bonds, and nothing in this Disclosure Agreement expressed or implied is intended to or shall be construed to give to any other person or entity any legal or equitable right, remedy or claim under or in respect to this Disclosure Agreement or any covenants, conditions or provisions contained herein.

SECTION 16. Governing Law. This Disclosure Agreement shall be deemed to be a contract made under the laws of the State of Delaware, and all provisions hereof shall be governed and construed in accordance with the laws of the State of Delaware, without reference to the choice of law principles thereof; provided however that this Disclosure Agreement shall be interpreted and construed with reference to and in pari materia with the Rule.

IN WITNESS WHEREOF, Sussex County, Delaware has caused this Disclosure Agreement to be duly executed as of the day and year first above written.

(SEAL)

SUSSEX COUNTY, DELAWARE

By: _____
Robert L. Stickels
County Administrator

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Exhibit A

**NOTICE OF FAILURE TO FILE ANNUAL REPORT
[AUDITED ANNUAL FINANCIAL STATEMENTS]**

**SUSSEX COUNTY, DELAWARE
\$ _____ GENERAL OBLIGATION BONDS
SERIES 2003**

NOTICE IS HEREBY GIVEN that Sussex County, Delaware (the "County") has not provided an Annual Report [Audited Annual Financial Statements] as required by the Continuing Disclosure Agreement which was entered into in connection with the issuance of the above-captioned bonds. The County anticipates that the Annual Report [Audited Annual Financial Statements] will be filed by _____.

Date: _____, _____

SUSSEX COUNTY, DELAWARE

By: _____

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Exhibit B

CONTENTS OF ANNUAL REPORT

The Annual Report shall contain the following with respect to the prior fiscal year:

1. The County's Comprehensive Annual Financial Report.
2. Audited financial statements in form and content substantially the same as those appended to the County's Official Statement with respect to the Bonds unless otherwise provided in the Comprehensive Annual Financial Report.

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APPENDIX D

FORM OF FINANCIAL GUARANTY INSURANCE POLICY

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Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President



Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Form No.: 2B-0012 (1/01)

Authorized Officer of Insurance Trustee

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